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Congress Political and Economic Studies—No. 1

The Agrarian Problem in India

A GENERAL SURVEY

By

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WITH A FOREWORD BY

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FOREWORD

Compared to other countries India is poor in her political literature as well as in books dealing with current problems. In the nineteenth century Dadabhai Naoroji, Digby, Ranade and Romesh Dutt built up a strong and enduring foundation for such a literature. On that foundation our national movement grew, and most of us derived our political and economic ideas from those giants of old. Then there was a gap. During the past few years again books and pamphlets have appeared in some numbers, and though some are worthwhile, the lack of the real article still continues. We have either sketchy political surveys or heavy tomes on economics written by professors for would-be professors. The intelligent layman is left out in the cold and little help is provided for him to find a way in the chaos of the modern world as it affects India. Compare this with the abundance of good books in the countries of the West dealing with every problem that faces them. Many of them are frankly propagandist and one-sided, but there are also large numbers of objective studies collating and giving facts and figures and real pictures of the condition of the world today.

Whatever our views and ideas might be on present-day problems, we must agree that they should have a background of objective study of existing conditions. Thus only can we bring these ideas to the test of reality and evolve effective line of activity. It is time therefore that our experts and students devoted themselves to the proper study of facts as they are and to their presentation in an agreeable form. Of course this has been, and is being, done

to some extent. But more is required, and a wider vision which embraces the whole though it may concentrate on a part.

Of all our problems none surely is more important and urgent than the agrarian problem. The dark shadow of the peasant covers the Indian landscape and intrudes itself into each one of our problems, political and economic. Realising this the National Congress has undertaken a close study of this problem and the drawing up of an agrarian programme. It is fitting therefore that the first of our Political and Economic studies should be a brief survey of this problem.

The object of this series of studies is to present facts objectively, but it is not claimed that the writer has a blank mind with no views of his own. We have little use for blank minds. So, inevitably, the writer's outlook colours his presentation of his subject, and the objective he has in mind affects his conclusions. This outlook or these conclusions need not necessarily be those of the Congress.

This series does not pretend to deal exhaustively with the subjects included in it. Nor does it claim to supply the need for political and economic literature to which I have referred. It has a simpler and more modest purpose and that is, to give the average reader a short and popular, and yet a scholarly, account of present-day conditions in India.

Dr. Z. A. Ahmad's pamphlet is the briefest of surveys of a difficult and vast problem. Objection may well be taken that it does not discuss in any detail the various land tenure systems in India. And yet a detailed discussion in such a general survey would probably have detracted from the value of the pamphlet. We would have forgotten the wood for the trees, and many a lay reader might have felt bored at these details. Yet a study of these details is very necessary and it is hoped that such a detailed

survey will be forthcoming at a later stage. But the broad survey must be grasped before we study details.

There is nothing new in this pamphlet which cannot be found elsewhere. But old truths have to be re-stated, old facts and arguments repeated, lest we forget. And the statement of them has to be made in a modern framework and a present-day setting. Dr. Ahmad has done that with ability and success and I have gone through his pages with ease and with profit. It surprised me to find how much he has put in in this short compass. I commend this brochure not only to Congressmen but to all who are interested in understanding and solving India's major problem.

Allahabad JAWAHARLAL NEHRU
July 8, 1936

INTRODUCTION

It is acknowledged universally that the centre of our national problem in India is the peasant question. Although this fact has been recognised and discussed by almost all Indian economists for a long time, it is only very recently that the problem by its sheer innate political importance has forced itself into the political arena as the most significant factor of the moment.

Hitherto the analysis of the peasant question even by economists who have looked at it from the national point of view has been what might be correctly termed static and unhistorical. The problem has not been dealt with in terms of the system of relationships set up in the course of historical development.

The most outstanding feature of Indian history in modern times has been the advent of British Imperialism which took its rise on the basis of the Capitalist transformation of European economy. After the coming of the British and even up to the beginning of the 19th Century Indian economy maintained the old balance between the factors of indigenous industry and agriculture. From that period onwards, due to the conquests of the Industrial Revolution in England there grew up an irreconcilably antagonistic system of exploitation relationship between British and Indian economy. There followed the destruction of Indian handicraft industries and a complete loss of internal equilibrium of production in India. India passed into the orbit of world economy as a colony of Great Britain. It is this historical phenomenon which is the central fact of all our economic problems.

English industrial capitalism had consolidated its position at home by 1856. What do we mean by this? England had become predominantly an industrial country producing largely machine-manufactured goods for export; it had begun to import vast quantities of raw materials from everywhere; it had adopted the principle of free trade and free competition. Political power in England had passed from the hands of the landed aristocracy and the trading classes into the hands of the industrial capitalists who changed the old colonial policy of Great Britain in the interests of British industries.

The impact of British industrial capitalism on India resulted in the rapid decay of the widespread and flourishing Indian handicrafts. The indigenous textile, metal, ship-building and numerous other luxury industries were all mercilessly ruined. Indian raw products began to be exported on a large scale to meet the influx of machine manufactured goods from England. Thus cotton piecegoods imported into Great Britain from India fell from 1,266,608 pieces in 1814 to 356,086 in 1835. As against this British cotton manufactures exported to India rose from 818,208 yards in 1814 to 51,777,277 in 1835.

The value of cotton goods exported from India was £1,300,000 in 1815 but was reduced to £100,000 in 1832. In 1815 cotton goods imported into India from England were of the value of £26,300 but rose to £400,000 in 1832. The policy of discrimination against Indian industry can be seen from the following:—In 1840 "British cotton and silk goods, conveyed in British ships to India paid a duty of 3½ per cent; British woollen goods a duty of 2 per cent only. But Indian cotton goods imported into England paid a duty of 10 per cent; Indian silk goods a duty of 20 per cent; Indian woollen goods a duty of 30 per cent." A ton of Indian iron imported into Great Britain paid

a duty of five shillings while English iron imported into India paid no duty at all. The Indian ship-building industry was killed very early. "In 1795-96 six ships were built in Calcutta with a tonnage of 4105 tons and five large vessels of 500 to 600 tons were on the stocks. In 1797-98 several vessels were launched from the dockyards of Calcutta." But by 1840 ship-building was entirely given up in Calcutta[1].

The process of the destruction of the old Indian industries may be said to have been completed for all practical purposes by the middle of the 19th Century. It now became the object of British Imperialism to prevent the development of Indian industry on the basis of machine technique, and to exploit Indian agriculture for the purpose of securing raw materials for British manufactures. This is borne out by the economic policy of British Imperialism in India throughout the 19th Century and upto the present time. It is only when we come to the last quarter of the 19th Century that we begin to find the definite growth of the various branches of modern Indian industry on Capitalist lines. This development was the outcome of the accumulation of commercial capital in the hands of the Indian trading classes and took place in the teeth of Imperialist opposition.

Upto the War the growth of the new industry was slow and tortuous but then there came a rapid development. This was due to the fact that the main resources of British industry were diverted to meet the demands of the world war which gave scope for expansion to Indian industry. Besides, the political pressure of the nationalist movement forced the state power to give a few economic concessions to the Indian manufacturers. However, the industrialisation of the country has been so insignificant that today over 70 per cent of the population lives on agriculture

[1] *India in the Victorian age.* Romesh Dutt, pp. 101, 114.

and about 90 per cent of the total production of the country is agricultural. Thus India has been compelled to remain primarily a producer of raw materials for British industry and a market for British goods.

The main repercussion of Imperialist policy on agriculture was that it was ruthlessly made to assume a bloated importance. Moreover, the Indian peasant, who from time immemorial had produced for his own needs, was compelled by the objective situation under the vigilant and jealous eye of the new state power to increase the cultivation of commercial crops. There was a great specialisation and increase in the acreage of cotton, jute, oil seeds and wheat. Although this did undoubtedly help the producers inasmuch as they received greater value for their products, it forced the peasant more and more into the clutches of the money-lender due to the vast incursion of money economy, and the world-wide market connections created a whole set of middlemen, wholesale dealers and exporters, who taking advantage of their superior economic position appropriated a large share of the profits of the peasantry. Almost all the workers in the ruined industries transferred themselves to agricultural occupations thus causing an excessive pressure on the land.

Furthermore, as India had become a part of the world capitalist economy, Indian agriculture became subject to all the vicissitudes of world economic conditions. The important point here is that since India has entered into international economic relations as a colony of Great Britain it finds itself in a specially disadvantageous position in the world market. Deprived of the power to shape independently her own economic policy she is unable to resort to any economic manœuvring in her own interests and has to remain a pawn in the economic game of British Imperialism. Besides several factors, the most important of which is the

existence of a strong hierarchy of middlemen on the land, the efficiency of agricultural production is much lower in India than in other countries.

Thus India has been specially hard hit by the present world crisis. General world over-production has led to a sharp and unprecedented drop in prices but the fall in the prices of agricultural products has been almost 50% more than the fall in the prices of industrial goods. In addition to this the linking of the rupee to the pound which has gone off the Gold Standard and the changing of the rupee exchange ratio from 1 s. 4 d. to 1 s. 6 d. has still further depressed the condition of the Indian agricultural classes. This has turned the balance of payment against India and obliged her to export gold on a large scale in order to meet her foreign obligations. The following figures will illustrate this point :—

(Millions of Rupees)

	1929	1930	1931	1932	1933
Net export surplus	860	790	620	348	34
Net gold imports	212	143	125	..	..
Net gold exports	..	..	..	580	683

It is thus clear that Great Britain has been able to transfer a substantial part of her own burden of the crisis to India by securing her raw materials from this country at very low prices.

All this has led directly to the complete ruin of the purchasing power of the Indian peasantry which was already in a state of hopeless poverty.

One hundred and fifty years of British rule has been a constant process of driving more and more people to the land, depriving them of all other sources

of livelihood, throwing them into the clutches of the parasitic elements of society and subjecting them to the rigours of an unsympathetic administration. In the following pages we shall try to analyse the present economic plight of the Indian peasantry.

CHAPTER I

PRESSURE ON LAND

The main feature of Indian agriculture today is the exceedingly great pressure of population on the land resulting in the subdivision of the cultivable area into very small and mostly uneconomic holdings. In 1880 the Famine Commission observed that "The numbers who have no other employment than agriculture are greatly in excess of what is really required for the thorough cultivation of the land." The following figures reveal how quickly the pressure of population on the land has been increasing since that date. In 1881, the percentage of the population dependent on agriculture was 58. This rose to 61.06 in 1891, to 66.5 in 1901 and to 71.6 in 1921. The Royal Commission on Agriculture considers 73.9 per cent of the population as living on agriculture. It should be noted that in many European countries the percentage of the population engaged in agriculture has been declining steadily during this period. Thus in France the percentage of the agricultural population fell from 67.6 to 53.6 between 1876 and 1921, in Germany, the percentage fell from 61 to 37.8 between 1875 and 1919, in England and Wales it fell from 38.2 to 20.7 between 1871 and 1921 and in Denmark from 71 to 57 between 1880 and 1921.

It is noteworthy that 50 years ago the percentage of the agricultural population in India was less than that of France, Germany and Denmark, but while these European countries have steadily industrialised themselves, thus reducing the pressure on the land the opposite has been the development in India. While

Europe was going through the industrial revolution, India with her industries dying out rapidly was fast becoming a purely agricultural country.

The destruction of the village and urban handicrafts in India forced the bulk of the ruined industrial classes on to the land. The few modern industries which developed after the first half of the nineteenth century could not absorb more than an insignificant percentage of the population set free from the indigenous industries. Most of the artisans who left their traditional occupations were small producers who had no capital to buy land with, and were therefore reduced to the position of landless agricultural labourers.

Thus the number of landless agricultural workers has been rapidly increasing during the last 50 years and is at present estimated to be over 33 per cent of the total agricultural population. According to the census of 1931 the number of agricultural labourers, who are mostly landless, was 407 to every 1000 cultivators while the ratio in 1921 was 291 per 1000. This remarkable rise in the number within ten years is a clear evidence of the rapid impoverishment of the peasantry.

It may be observed here that there is no absolute shortage of land in India today. Only 34.2 per cent of the total area is actually cultivated. Leaving 35.2 per cent of the land as being not available for agriculture, we still have 30.6 per cent of the total area which can yet be cultivated. In Sind and the Punjab there are large tracts of potentially very fertile land which only need water but the Government does not propose irrigating these areas. Moreover the opening up of new agricultural tracts requires capital and the Indian peasantry with all its burden of indebtedness cannot possibly afford the necessary initial investment. The Government being supremely indifferent to the problem does not offer

any subsidies or easy financial aid in any other form.

The over-pressure of population brought about endless subdivision and fragmentation of holdings. Dr. Harold Mann is of the opinion that the subdivision of land which is a 'very real evil' has increased rapidly during the British period and he shows that in the village surveyed by him the size of the average holding declined from 40 acres in 1771 to 7 acres in 1915. He says "It is evident that in the last sixty or seventy years the character of land holdings has altogether changed. In the pre-British days and the early days of British rule the holdings were of a fair size most frequently more than nine or ten acres, while individual holdings of less than two acres were hardly known. Now the number of holdings is more than doubled and 81 per cent of these holdings are under 10 acres in size while no less than 60 per cent are less than 5 acres."

The following figures would indicate the extent to which land has been fractionalised in India. In the United Provinces the cultivated area comes to an average of 2.5 acres per cultivator. In Bengal the size of the average holding is 3.1 acres, in Assam 3 acres, in Bihar and Orissa 3.1, in Madras 4.9, in C. P. 8.5, in the Punjab 9.2, and in Bombay 12.2. These averages however do not give a correct picture of the situation as they include holdings of very different sizes. The following statistics will indicate more clearly the large percentage of very small and uneconomic holdings. In the Agricultural Journal of India for 1926, the size of the holdings in British India has been shown as follows :—

One acre or less	23 per cent
1 to 5 acres	33 per cent
5 to 10 acres	20 per cent
over 10 acres	24 per cent

The conditions in the Punjab, which is supposed to be one of the most prosperous agricultural provinces in India, were summarised thus by the Royal Agriculture Commission, "The Punjab figures which are the only ones available for a province indicate that 22.5 per cent of the cultivators cultivate 1 acre or less, 15 per cent cultivate between 1 and 2½ acres, 17.9 per cent between 2½ acres and 5 acres and 20.5 per cent between 5 and 10 acres." An enquiry conducted by Mr. Bhalla into the village of Bairampur (Punjab) showed that "55 per cent of the owners in Bairampur possess less than three acres and 23 per cent cultivate less than six...." Another enquiry conducted into 2,397 villages in the Punjab showed that the 'owner' holdings which were below 1 acre formed 17.9 per cent of the total while 25.5 per cent were between 1 and 3 acres, 14.9 per cent between 4 and 5 acres and 18 per cent between 5 and 10 acres.

In Bombay where the average holding is the largest in India, a big percentage consists of holdings below 2 and 3 acres and it has been noticed that holdings below 5 acres are increasing rapidly. In 1927 the evidence given before the Royal Commission on Agriculture revealed that in one of the comparatively more prosperous districts of Bombay Presidency, between 1917 and 1922 there had been an alarming rise in the number of holdings below 15 acres and a drop in the number of holdings between 25 and 100 acres.

Special enquiries in the Madras Presidency showed that the large number of holdings under 1 acre were mostly agricultural and were regularly cultivated.

In Bihar and Orissa the size of the average tenant holding is even less than half an acre.

The survey of a village in Cawnpore district conducted by Babu Ram Misra revealed that of a total number of 250 tenants in the village, 140 cultivated 1 acre, 50, 2 acres, 42 between 3 and 4 acres, 19

between 5 and 6 acres, 14, 10 acres. There was no tenant cultivating more than 15 acres.

A similar enquiry conducted into the economic conditions of a village in Gorakhpur district by Jai Krishna Mathur showed that the average holding was 0.29 acre, the average cultivated area per individual 0.27 acre, and the average holding per cultivator 0.52.

According to the last settlement report of the United Provinces the average holding was 1.3 in pargana Sidhua, Jobna, .9 in Hata and in Salimpur .65.

The Banking Enquiry Committee of the United Provinces ascertained that about 56 per cent of the holdings were at or below the minimum economic level of cultivation.

In India as a whole 76 per cent of holdings are under 10 acres of which 15.4 are of less than one acre.

Subdivision is everywhere accompanied by a high degree of fragmentation of holdings. One holding may be divided into several small plots which do not form a compact block but lie apart spread over large areas. Fragmentation is the natural outcome of the system of dividing ancestral property as equitably as possible. The ancestral plots may differ in fertility and each heir is given a share in the different types of soil with the result that at every succession the holdings are split into smaller and smaller fragments. The following figures illustrate the extent to which fragmentation has gone in India:

Dr. Harold Mann, in his survey of the village of Pimpla Saudagar, found that 156 cultivators owned 729 plots of which 463 were of less than one acre and 112 less than a quarter of an acre. The size of a plot in some districts of the Konkan, especially in Ratnagiri, is as small as 0.00625 of an acre, or 30¼ square yards.

In the village of Bairampur (Punjab) surveyed by Mr. Bhalla "the village lands were found to be divided into 1598 fields averaging about one-fifth of an acre each. 28 per cent of the holdings had over 30 fields and in three cases plots were so small—the smallest was only .014 of an acre—that they had been lost sight of by their owners and had passed into the hands of others. Even the wells are subdivided and a man's share may be as minute as the odd fraction that governs exchange."

With regard to land fragmentation in the Punjab, Darling states that in the district of Jullundur "In one village 12800 acres are splintered into 63000 fields: in another 584 owners cultivate 16000 fields, whose mean size is only one-seventh of an acre: and in a third there are 424 fields of one *marla*, that is to say, of less than .006 of an acre."

This evil is not confined to Bombay or the Punjab but is found in a highly developed form all over India. Holdings which are scientifically consolidated from the viewpoint of size and shape are almost entirely absent. It is very rare to find a holding which is not split up into at least three or four plots lying apart.

The economic evils of subdivision are heightened by fragmentation. Efficient large-scale agriculture is impossible when the holdings are small and are further subdivided into tiny plots. The small Indian farmer has no capital to invest in the land. His methods remain primitive: rotation of crops is inadequate; scientific manuring and breeding of cattle is absent; and the margin of profit being very small complete ruin follows a bad harvest. In addition to these evils, fragmentation involves a considerable wastage of boundary lands, inadequate supervision, loss of labour and time in going from one plot to another, disputes over boundary line and the consequent litigation costs. It is noteworthy that such

tiny holdings besides rendering agriculture inefficient and uneconomic, make it impossible for a peasant even to keep cattle in adequate numbers. The following table showing the number of cattle for average holdings in Gorakhpur, Meerut and Lucknow divisions will illustrate this point.[1]

	Plough and cart bullocks	Cows and cow buffaloes
Gorakhpur	1.2	1.3
Meerut	2.0	2.1
Lucknow	2.1	2.1

The number of cattle and livestock has been decreasing in recent year almost all over India. In certain areas the cattle problem is very acute; over-pressure on land has brought about a reduction in the area meant for pasture and has caused actual deficiency in agricultural livestock. Moreover under-feeding has led to the physical deterioration of the cattle and resulted in a fall in their working efficiency. The life of a peasant depends largely on his livestock; the loss of his cattle spells complete ruin for an ordinary cultivator. A very large percentage of the peasants own no cattle at all and have to hire bullocks at high costs during the sowing season. Not a few families unable even to hire bullocks have to take to spade in order to eke out a living from their miserable plots.

Under these conditions it is no wonder that the average yield per acre in India is perhaps the lowest in the world. The figures for 1922 on p. 8 illustrate this :

[1] "The Pressure of Population." . Its effects on Rural Economy in Gorakhpur District by Jai Krishna Mathur. Introduction page 111.

Country	Wheat (bushels 60 lbs.)	Corn (bushels 56 lbs.)	Barley (bushels 48 lbs.)	Rice (lbs.)	Cotton (lbs.)	Tobacco (lbs.)
Canada ...	17.8	43.4	27.6	...	...	...
United States	13.9	28.3	24.9	1,090	141.0	735.6
England ...	31.2	...	31.0	...	...	...
Denmark ...	39.0	...	45.6	...	...	...
France ...	18.6	16.9	23.9	...	...	1,426.1
Italy ...	14.1	20.2	14.3	2,151	...	917.9
Germany ...	20.5	...	25.7	...	...	2,639.2 (1921)
Egypt ...	24.1	36.3	30.1	1,456 (1921)	299.0 352.0	... ...
India ...	13.0	15.6	19.8	911	98.0	...
Japan ...	22.5	27.7 (1921)	31.7	2,477	...	...
Australia	11.2	25.7	21.3 (1921)	...	...	...

It has been estimated that 'on the normal pre-War basis the average production of British India, including irrigated crops cannot be more than twenty-five rupees per acre; in Japan it cannot be less than hundred and fifty' (Sir M. Visvesvaraya).

There is no reason to believe that the Indian soil has been deteriorating in recent years. Dr. Clouston, Agricultural Adviser to the Government of India in his evidence before the Royal Commission on Agriculture stated, "Most Indian soils must have reached their maximum state of impoverishment hundreds of years ago and will not get any poorer even if cropped without manures for hundreds of years more. An average crop uses up about twenty pounds of nitrogen per acre but the loss is made up annually for the soil gets nitrogen from the air and from the decay of root matter left in the soil after the crop is harvested with the result that most soils are not getting any poorer in nitrogen."

It would be of interest to note here that in England and Germany 50 per cent of the holdings are above 50 acres each of the holdings between 1 and 5 acres are only 1.1 per cent in England and 4.3 in Germany while in India as stated above 76 per cent of the holdings are below 10 acres, the holdings of one acre or less being 15.4 of the total. This contrast is all the more striking in view of the far higher yield per acre in England and Germany.

We may also note here the size of a holding which may be considered to be economic, i.e., a holding which in a normal year and with the present methods of cultivation can keep one peasant family in the minimum of comfort according to Indian standards without obliging it to incur debts. It would suffice here to quote some of the Indian agricultural experts on this subject. Keating in his book 'Rural Economy in the Deccan' defines an economic holding as "A holding which allows a man a chance of producing sufficient to support himself and his family in reasonable comfort after paying his necessary expenses" and says that "in the Deccan an ideal economic holding would consist of forty or fifty acres of fair land in one block with at least one good irrigation well and a house situated on the holding..... in the dry part of the Deccan with poor soil thirty acres might not suffice."

With regard to conditions in the United Provinces, Stanley Jevons considers a holding of about thirty acres to be enough for giving a family a reasonable standard of life. These figures cannot possibly err on the side of exaggeration as at present very few families with even such holdings are found free from heavy indebtedness. Dr. E. D. Lucas in his economic survey of the village of Bairampur in the Hoshiarpur district after an extensive enquiry into the family budgets of the peasantry came to the conclusion that 14 acres cannot support a Jat and his family

of five without obliging them to incur debt. Darling maintains that in the Punjab 8 or 10 acres cannot maintain a cultivator in the minimum of comfort without income from some other source.

CHAPTER II

RURAL POVERTY

We may now proceed to examine in greater detail the economic condition of the Indian peasantry. As early as 1870 Dadabhai Naoroji tried to prove that the masses of the Indian people were subsisting on the verge of starvation. He estimated that Rs. 20 was the annual income per head in India. He adds: "It must moreover be borne in mind that every poor labourer does not get the full share of the average production. The high and middle classes get a much larger share, the poor classes much less, while the lowest cost of living is generally above the average share. Such appears to be the conditions of the masses of India. They do not get enough to provide the bare necessaries of life."

In 1880 an official estimate put the average agricultural income at Rs. 18 per head. In 1882 Earl Cromer and David Barbour estimated that the average annual income per head of the population was Rs. 27.

Digby in his book, 'Prosperous British India' came to the conclusion that Rs. 17-4 was the per capita income of the population of British India as a whole. After making allowance on account of the incomes of the richer class he estimated that the average annual income of the Indian cultivator was 12 shillings or Rs. 9. He added, "That does not come to 1 d. per day. There is not a decent living in it even if it were equally divided; there is not even a living for cattle on respectable farmsteads in Western countries."

Lord Curzon estimated in 1901-2 that the average

income of the agricultural classes was Rs. 20 per head per annum and that of the whole population Rs. 30.

Wadia and Joshi have worked out the per capita annual income of the Indian population for the year 1913-14 at Rs. 44-5-6.

Shah and Khambata have calculated the per capita gross income of the population at Rs. 36 for 1900-1914, Rs. 58½ for 1914-1922, Rs. 44½ for 1900-1922, Rs. 74 for 1921-1922 (Rs. 67 if home charges are deducted). Note that the high figure for 1921-1922 does not represent increased prosperity but is due to post-War monetary inflation.

Coming to more recent investigations, the Central Banking Enquiry Committee stated that "From the reports of the Provincial Committees and other published statistical information, the total gross value of the annual agricultural produce would work out to about Rs. 1200 crores on the basis of the 1928 price levels. On this basis and taking into consideration the probable income from certain subsidiary occupations estimated at 20 per cent of the agricultural income and ignoring the rise in population in the last decade and the fall in prices since 1928, the average does not work out at a higher figure than about Rs. 42 or a little over £3 a year. Thus the general poverty of the agricultural classes is a matter which is beyond dispute."

It should be noted that this estimate is based on the prices of 1928 and the agricultural prices since then have fallen by at least 50 per cent. Thus even if we were to ignore the increase in the population since 1921, the average per capita income of the agricultural classes today would roughly work out at Rs. 20 per annum. Moreover, these average figures include very large incomes as well which if deducted from the total would give an incredibly low figure for the 76 per cent of the cultivators who cultivate less

than ten acres.

Sardar Kartar Singh of the Government Agricultural College Lyallpur in the studies called 'Farm Accounts in the Punjab' has worked out the details of the incomes of some comparatively prosperous holdings in nine districts of the Punjab. The figures he arrives at, given below, have an alarming significance in view of the fact that the Punjab is supposed to be the most prosperous and agriculturally the most advanced province in India.

Table showing net income per acre of the cultivators in various districts if the whole land had belonged to them.

District	*Income*		
	1928-29	1929-30	1930-31
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Lyallpur	53 14 3	44 6 7	11 14 11
Sargodha	35 3 7	12 7 10	3 6 2
Montgomery	42 11 7	32 0 9	9 1 8
Amritsar	64 5 5	27 12 0	7 15 2
Rohtak	31 0 0	18 0 3	13 1 5
Multan	14 11 6	13 9 9	10 15 6
Jullundur	38 12 0	23 13 6	11 12 9
Hoshiarpur	20 7 7	31 7 7	12 10 4
Ludhiana	21 3 3	12 4 4	3 7 2
Averages :			
Canal Colonies ..	53 0 2	42 15 2	11 5 7
Well-irrigated	32 2 0	18 7 6	9 2 9
Total	47 7 8	36 12 9	10 14 2
Excluding Risalewala :			
Canal Colonies ..	33 11 4	24 3 0	5 8 4
Total	32 8 4	20 1 3	7 14 7

Thus as seen in the above table from 1928-1929 to 1930-1931 the average net income per acre fell

in these districts from Rs. 32-8-4 to Rs. 7-14-7. Over 55 per cent of the holdings in the Punjab being under 5 acres, the net income of the majority of cultivators was thus only Rs. 40 in 1930-1931 and assuming that an average family consists of five, the per capita income works out at Rs. 8 per annum. From these figures the conditions in other provinces which are considered to be poorer than the Punjab can well be imagined.

The extremely low balance of profit on which the cultivator lives can be seen from the following estimates of expenses of agriculture and the value of the product per acre for the '*Kharif*' and '*Rabi*' crops in the United Provinces, arrived by Babu Ram Misra in his economic survey of a village in Cawnpore district.

	Acre of Juar	*Acre of Wheat*	*Acre of Gram*
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Gross value of total produce	65 0 0	66 0 0	28 0 0
Expenses of agriculture	11 6 0	38 4 0	17 8 0
Rent	12 0 0	20 0 0	10 0 0
Balance of Profit ..	41 10 0	7 12 0	0 8 0

It is important to note that the above estimates were made in 1930-1931. As the prices have fallen heavily since that date, the margin of profit per acre may be estimated to be about half of what is shown in the above table. The conditions in respect of other crops are no better. We can safely presume that *in India as a whole over 30 per cent of the cultivators today have no margin of profit at all. In fact in a very large number of cases the cost of production and the rent are together more than the value of the gross produce.* The prices have fallen so low that the

cost of production which at present amounts to about 40-50 per cent of the gross value of the produce plus the payment to the Government or the landlord leaves almost nothing to the cultivator. Statistics relating to the accounts of 3 farms in the Punjab including Risalewala Government Farm for 1930-1931 are available and show the proportion of net income from cultivation which was claimed by the landlord and the tenants respectively. They are given in the following table.[1]

Canal irrigated farms cultivated on the batai system in 1930-31

District and size of farm	Gross income per acre	Expenditure per acre	Net income per acre
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Lyallpur, 27¼ acres			
Landlord	17 14 0	6 15 6	10 14 6
Tenant	17 13 11	23 13 9	5 15 10
Total	35 11 11	30 13 3	4 14 8
Lyallpur, Risalewala Govt. Farm, 802½ acres			
Landlord	25 3 0	8 7 11	16 11 1
Tenant	25 7 11	23 10 1	1 13 10
Total	50 10 11	32 2 0	18 8 11
Montgomery, 25 acres			
Landlord	20 10 6	7 13 2	12 13 4
Tenant	19 14 0	23 9 8	3 11 8
Total	40 8 6	31 6 10	9 1 8

It will be seen that on two farms the tenants had no profits at all and had to suffer deficits.

The proportion of landlords' income to total income per cent has been worked out in 'Farm Accounts in the Punjab' for several farms in same districts as shown in the table given on p. 16.

[1] See Brij Narain's *Essay in India Analysed.* Vol. II, p. 25.

Year	*District*	*Farm*	*Proportion of landlords' income to total income per cent*
1923-24	Lyallpur	232 acres	61.1
1925-26	" " "	28 " "	60.9
" " "	" " "	88 " "	60.6
" " "	Montgomery	50 " "	64.9
" " "	" " "	175 " "	61.8
1926-27	Lyallpur	28 " "	53.9
" " "	" " "	228 " "	63.4
" " "	" " "	796 " "	66.7
" " "	Montgomery	50 " "	67.7
" " "	Sargodha	135 " "	77.9
1927-28	Lyallpur	28 " "	188.7
" " "	" " "	240 " "	72.1
" " "	" " "	796 " "	69.1
" " "	Montgomery	50 " "	81.9
" " "	" " "	42½ " "	64.9
" " "	Sargodha	28 " "	67.2
1928-29	Lyallpur	28 " "	73.3
" " "	" " "	799 " "	63.7
1928-29	Montgomery	24½ " "	62.1
" " "	Sargodha	28 " "	74.6
1929-30	Lyallpur	28 " "	78.7
" " "	" " "	802½ " "	70.9
" " "	Montgomery	36¾ " "	68.0
" " "	Sargodha	28 " "	98.3
1930-31	Lyallpur	27½ " "	221.7
" " "	" " "	802½ " "	90.0
" " "	Montgomery	25 " "	140.9
Average, 27 farms			82.4

Thus, as the average figure for the 27 farms shows, less than 18 per cent of the produce was enjoyed by the actual cultivator and 82 per cent was taken by the landlord.

The Bengal Board of Economic Enquiry collected in 1933 figures regarding income and expenditure of a number of tenant families in the districts of Bankura, Faridpur and Pabna. Their investigations which related to families which may be considered to be

fairly above the lowest strata of the Bengal peasantry are indicative of the complete bankruptcy into which the peasantry has sunk.

In the district of Bankura the figures for 258 families covered by the investigation are shown as under. A comparison has also been made with the figures obtained in a similar enquiry in 1928 to show the effect of the present economic crisis.

	1928 Rs.	1933 Rs.
Average annual income per family	146	86
Average annual expenditure per family	267	169
Deficit	121	83
Debt per indebted family ...	235	304

In the district of Faridpur 424 families were covered by the enquiry and the findings were as follows :

	1928 Rs.	1933 Rs.
Average annual income per family	207	105
„ „ expenditure „	198	118
„ „ Deficit „		13
Debt per family	148	217

The enquiry held in District Pabna covered 297 families and came to the following conclusions.

	1928 Rs.	1933 Rs.
Average annual income per family	179	79
„ „ expenditure „	149	82
Average debt per family ...	101	156

If we note that the average membership per family was about 6, we can realize the extremely low annual income per head, the tragic significance of which is emphasised by the fact that most of these families belonged to what may be considered middle peasantry.

That the mass of Indian peasantry lives in a state verging on starvation can be shown by calculating the acreage per head of the population and the average per capita share of the food crops in the country. According to the British India Agricultural Statistics for 1934-1935 the net area actually sown in British India was 237 million acres. If we divide this total sown area by the total population of British India which in round figures is 270 millions we get a quotient of less than one acre of cultivated land per head.

Then again, if we take the actual weight of the total yield of the food crops in British India which fluctuates around 50 million tons and divide it by the total population, we would get the miserably low average of less than one lb. per head per day after due allowance has been made on account of exports, cattle fodder, wastages etc. Note that these averages indicate only the general low level at which the food resources of the country stand, and not the actual distribution between different classes in which a high degree of inequality prevails.

In this economic destitution the peasant is obliged to borrow from the money-lender at exorbitant rates of interest not only for paying his dues to the zamindars or the government, but for maintaining himself and his family till the next harvest. This is the main cause of the alarming increase in rural indebtedness during the last six or seven years.

It may be asked why is it that the peasant still clings to his land. The only answer is that there are no alternative occupations open to him. Severe unem-

ployment prevails in the towns and in the countryside the supply of wage labourers is far in excess of the demand. In the village the peasant has at least the satisfaction that he is living amidst social surroundings which are neither hostile nor unfamiliar, while if he migrates to the town he may lose the little amenities of village life without being able to earn even a bare livelihood. Thus he clings to his little plot with all the desperation born of starvation. It should however be noted that a large number of peasant families send out their younger members to the towns in order to earn a living there and to send home a few rupees a month. From this money the family is able to pay its dues to the landlord or the revenue official.

Agricultural labourers who are mostly landless are the most highly exploited sections of the peasantry. Due to over-pressure on land their number has been rapidly increasing and has risen from 21,676,000 in 1921 to 31,480,000 in 1931, while the number of cultivators has fallen from 74,665,000 in 1921 to 61,180,000 in 1931. They usually belong to the lower castes and are employed by the middle and richer cultivators for field work. Some of the poorer peasants who belong to the higher castes and therefore consider it socially derogatory to do agricultural work also engage a few labourers during the sowing and harvesting seasons. The wages of these labourers are extremely low and at present vary between 1 and 3 annas a day over the greater part of India. Only during the busiest days of the harvesting and sowing seasons a male labourer might be paid as much as 4 annas a day. Women labourers are hardly ever paid more than 2 annas a day except during the cotton picking season when they work on piece rate and might earn an anna or two more per day. It is also customary for the employers to pay some grain to the worker either daily or at the harvesting season.

It should however be noted that the field labourers are employed only for a part of the year. For no less than 6 months in the year they have no income at all and have to live on the earnings of the busy season.

In some parts of India field labourers are socially no better than serfs. Particular attention is drawn here to a class of permanent farm labourers called Halis in Gujerat and Bhumias in Bihar. "Halis are agricultural labourers who do not work for wages at their own convenience but are maintained hereditarily as permanent estate servants by the larger landlords who provide them also with home and food. They cannot resign and seek occupation elsewhere. There is virtually no difference between the position of these Halis and the slaves of the American plantation prior to the Civil War except that the courts would not recognise the rights of the masters as absolute over the persons and services of these people. They are free men *de jure* but slaves *de facto* ('A study of rural economy of Gujrat' by J. M. Mehta, p. 125).

Amidst this economic devastation of the countryside the Government has followed a ruthless financial policy. While since 1928 the incomes of the agriculturists have fallen by at least 50 to 60 per cent the demands of land revenue and rents have remained almost the same. The suspensions and remissions granted have been so niggardly that they have not served to alleviate the universal misery to any appreciable extent. On the other hand severe coercive measures have been adopted everywhere for the recovery of the dues. In fact the Government has invariably relied on strong administrative measures to meet the agrarian situation. In the zamindari areas, the landlords have been left free to eject tenants in large numbers for arrears of previous years or even for those of the preceding harvest. The

illegal exactions of the zamindars in the form of *Nazrana* and other such oppressive taxes have continued unabated and no steps have been taken by the Government to give protection to the peasants in this respect.

The above facts should prove conclusively the extremely miserable conditions under which the mass of Indian peasantry is living today. The consequences of this state of affairs have been well summarised by Prof. K. T. Shah in the following passage: "The Indian people are underfed. The consequence is obvious and unavoidable. Either one in every three individuals must go hungry or what is much more easy, insidious and injurious, every one must cut one out of every third meal necessary to him. This inevitably becomes the common practice and the consequence is the progressive deterioration in physique and energy that renders additional production with a view to make up for the deficit increasingly more and more difficult. This vicious circle is complete. The Indian people are, relatively speaking, debilitated and inefficient because they have not enough food available. They cannot have enough food, they cannot produce sufficient for their requirements of the lowest standards because they are lacking in strength and energy."[1]

The following remarks of Darling (a member of the I. C. S.) regarding the poverty of peasants in certain districts of the Punjab apply with even greater force to more than nine-tenths of the rural population of the rest of India. Speaking of the standard of life of the peasantry he says "It is the standard of fifty years ago, when everyone, as a matter of course, wore the plain homespun *Khaddar* or country cloth and gold ornaments were rare and there was little to vary the daily diet of millet or wheat. Pulse is still a

[1] *Wealth and Taxable Capacity of India.* K. T. Shah, p. 252.

luxury and turnip and onion the only vegetables that are common. Meat is rarely eaten, except on festivals or when an animal is killed to save it from dying a natural death or dying prematurely from disease. Even at weddings, entertainment does not usually go beyond rice and a goat and the sweetmeat, so dear to the peasant, is rarely seen. Clothing is as simple and as scanty as the food, and rarely has a man or a woman a change of clothes. In a recent epidemic of fever the inhabitants of the infected villages were strongly advised to wear clean clothes. 'But' they replied 'we have only the clothes we have on our backs.' And this was said by the village headman as well as the ordinary cultivator. The houses are built of the rudest materials and contain little but necessities—earthenware vessels for food, water and light; mortar, pestle, and hand-mill for crushing and grinding, wheel and spindle for spinning; a sieve and a basket for winnowing and a *charpoy* or two for sleep. Superstitions are rife and the evil eye is universally dreaded..."[1]

The Provincial Banking Enquiry Committee for Bengal stated in their Report that "The food of a cultivator is 10 per cent better than the jail diet."

The Government Health Department of Bengal admitted in its annual report for 1927-28:

"1,500,000 people are dying every year in Bengal alone. On an average 750,000 children under 15 years of age die every year—about 15 per cent of the total deaths. Twenty-five per cent of this mortality is due to preventable diseases. The present peasantry of Bengal are in a very large proportion taking to a dietary on which even rats could not live for more than five weeks. Their vitality is now so undermined by inadequate diet that they cannot stand the infec-

[1] *The Punjab Peasant in Prosperity and Debt.* M. L. Darling, p. 112.

tion of foul diseases. Last year 120,000 people died of cholera, 350,000 of malaria, 350,000 from tuberculosis, 100,000 from enteric. On an average 55,000 new born infants die every year of tetanus."

An enquiry conducted a few years ago into the health conditions in rural areas by Sir John Megaw, Director of the Indian Medical Service, revealed the following startling facts. It was estimated that about 13 million people were suffering from venereal diseases, the figure of 2,000,000 sufferers from tuberculosis is much too low, six million people suffer from night-blindness due to bad diet, nearly six million are totally blind, rickets due to deficiency in diet affect 200,000 persons, the victims of malaria in a year are not less than 50,000,000 and may easily exceed 100,000,000. It was further estimated that in India as a whole 39 per cent of the population could afford adequate nourishment, 41 per cent were poorly nourished and 20 per cent badly nourished. The corresponding figures for Bengal were 22, 47 and 31 respectively. The rate of infantile mortality was 232.6 per 1000 for India as a whole and 303 for the United Provinces. The maternal mortality rate was 24.5 per 1000 for all India and as high as 50 per 1000 for Bengal alone (The Maternal Mortality for England and Wales was 4.06 in 1932).

It is noteworthy that the average expectation of life in India has declined from 30 years in 1881 to twenty-three years today, while the figure for England and Wales is 55 years. The death rate in India is about two and a half time that of England, being 26.8 per 1000 (1930) as compared with 11.7 per thousand in England and Wales.

The extremely low physical vitality of the mass of the peasantry is brought out with terrible emphasis during famines and epidemics. It has been estimated that during the last quarter of the nineteenth century 32½ million deaths occurred due to famines. In the

influenza epidemic of 1918 over 11,000,000 persons died in one year's time. These facts are a sufficient commentary on the nature of British rule in India which in a period of a little over hundred years has reduced the peasantry to its present plight.

CHAPTER III

PEASANT INDEBTEDNESS

We may now turn our attention to rural indebtedness which constitutes one of the major aspects of the Indian agrarian problem.

The extent of agrarian poverty cannot be fully realized without taking into account the nature and extent of the indebtedness of the Indian peasantry.

The reports of the Provincial Banking Enquiry Committees published in 1930 have given estimates of rural indebtedness for different provinces and though these estimates cannot be considered to be thoroughly correct, they can be relied upon as giving an approximately correct picture of the conditions prevailing just before the commencement of the world agrarian crisis and the recent fall in agricultural prices. These estimates are shown in the following table :—

Province	*Total Rural Indebtedness*
	Crores of Rupees
Bombay including Sind	81
Madras	150
Bengal	100
United Provinces	124
Punjab	135
Central Provinces and Berar	36½
Bihar and Orissa	155
Assam	22
Central Areas	18
Coorg	35-55 (Lakhs)
Burma	50-60

The Central Committee estimated that the total rural indebtedness of British India was about 900 crores.

The Committee admitted that all evidence goes to prove that rural indebtedness has increased rapidly during British rule in India. In support of this view they quoted Sir Edward Maclagan who observed in 1911 as follows: "It has long been recognised that indebtedness is no new thing in India. The writings of Munro, Elphinstone and others make it clear that there was much debt even at the beginning of our rule. But it is also acknowledged that the indebtedness has risen considerably during our rule and more especially during the last half a century. The reports received from time to time and the evidence of annual sale and mortgage data show clearly that there has been a very considerable increase of debt during the last half a century."

How rapidly rural debt increased between 1921 and 1929 is illustrated by the estimate of the Punjab Committee which believed that the total rural indebtedness of the Punjab rose from Rs. 90 crores in 1921 to Rs. 135 crores in 1929. As the prices in this period fell roughly by about 50 per cent the real burden of this increase was much greater than the above figures indicate and was equivalent to about Rs. 270 crores.

The position today is infinitely worse than what it was in 1929. The world crisis has so seriously hit the agricultural classes in India that it is now believed by all experts on the question that the total rural indebtedness for British India has been almost doubled within a period of about 7 years from 1929 to 1936 and is at present about Rs. 1600 crores. Again, the real burden of this increase is far greater than the actual figures would show as the prices in this period have fallen heavily.

The main cause of this phenomenal increase has been that while since 1929 the incomes of the agricul-

turist have been reduced by more than half the burden of taxation on the peasantry has remained the same. The remissions granted by the Government in certain distressed areas have been miserably small and have in no way whatsoever improved the situation. In the zamindari areas an additional factor has been the increased burden of litigation cost on the peasantry. Complete inability to pay rents on the part of the tenants has led to large accumulation of arrears and to extensive litigation by the zamindars. This has taxed the cultivators heavily who in their present condition have to rely entirely on the money-lender for meeting the litigation costs.

That this heavy indebtedness is due to the extremely low earnings of the peasantry is obvious. By far the largest part of indebtedness is due to the fact that over 75 per cent of the peasants cannot get even a bare livelihood from land. The number of cases in which the whole produce of the year is taken away by the revenue officials or the zamindar as taxes, and the money-lender as interest on and part payment of existing debts, is astonishingly large. In such cases the peasant falls back entirely on the money-lender and lives from year to year on debt till the burden of indebtedness becomes so great that if he is a tenant he is unable to pay his rent to the zamindar and is thus ejected, or if he owns the land, his property passes to the money-lender in payment of the money borrowed.

Thus indebtedness is one of the acutest problems of rural India today as the peasantry is entirely in the clutches of the money-lender. The prices have fallen sharply and the burden of indebtedness has increased with alarming rapidity. The position today is that over 80 per cent of the peasants with their present holdings can never pay up their debts. In the meantime, considering the scandalously high rates of interest at which the money is borrowed, the volume

of debt is expanding very rapidly.

The extent of the exploitation of the peasantry by the money-lender can be gauged from the rates of interest charged and the illegal and rapacious devices adopted by the money-lender to extort from the debtor as much as possible. The range over which the rates of interest vary is very large. We give below the rates prevailing in different provinces as ascertained by the Provincial Banking Enquiry Committees. In Assam the rates vary from 12 to 75 per cent, "In the case of paddy loans in Assam, if the repayment is not made at the end of the year, the principal and interest are compounded and a bond is taken with further interest at 24 or 37½ per cent."

In Bombay the rates normally vary between 12 and 50, being highest in Sind.

In Bengal "the minimum rate varies in different districts from 10 to 37½ per cent and the maximum from 37½ to 300 per cent."

The interest charged in Bihar and Orissa is "25 per cent in the Oriya speaking districts and 50 per cent in the rest of the provinces."

In the Central Provinces the ordinary rate of interest varies between 12 and 24 per cent. The rate for grain loans varies considerably in different parts of the provinces and according to the kind of the grain borrowed. It may be 25 per cent, 50 per cent or even 100 per cent.

In Madras "the common rate of interest varies from 12 to 24 per cent, occasionally rising to 36 or even 48 per cent... Landlords and other ryots carry on lending business on similar terms. They commonly give loans in kind and also loans in cash with a stipulation of repayment in kind and such loans involve repayment with 25 to 50 per cent interest for the season."

In the Punjab the maximum rate for loans given against good property security is 13½ per cent. The

rates for unsecured loans, taken by the poorer peasantry, vary from 75 to 150 per cent.

In the United Provinces "Village money-lenders charge between 18 and 37½ per cent. The rate of interest generally charged by the *quistwala* works out at 44 per cent, whilst the rate charged by the Kabuli varies from 75 to 300 per cent."[1]

The burden of the above exorbitant rates on the debtors is enhanced by the fact that most of the money-lenders charge compound interest.

In addition to this the money-lenders, taking advantage of the illiteracy and ignorance of the peasants, resort to certain highly questionable practices. The most common practices of this nature are shown as under :—

1. At the time of advancing the money, the money-lender deducts in advance the total interest for the year from the principal but makes the borrower sign a bond to the effect that the full amount has been received. As no receipt is given for the interest deducted in advance, the money-lender can easily demand the payment of the interest after a year.

2. Many money-lenders get the thumb impression or signature of the borrower on blank sheets of paper before lending money and later on enter more than the actual amount if the debtor is not regular in the payment of the interest.

3. It is a common practice for the money-lenders to manipulate the figures in their registers in such a way as to show a larger amount than is actually lent.

4. "Whenever the borrower is illiterate the sum inserted in written documents is very often shown to be larger than what is actually lent."

5. As very few money-lenders pass receipts,

[1] See *Central Banking Enquiry Committee Report*, pp. 78-80.

wrong entries to the disadvantage of the debtor are made in the money-lender's account books. Often the money-lender does not even take the trouble of entering in his books some instalments of the money received as interest.

6. Debtors have to pay something to the money-lender as a present called *Girah Khulai* (purse-opening) before any business is transacted.

7. Conditional sale deeds are taken by the money-lenders to ensure against the possible evasion of payment.

In the Bhil tracts of the West Khandesh there is a system of money-lending called *Jalpa* according to which the Bhils who want to borrow before the harvest agree to give to the money-lender a certain amount of grain when harvested. In return the money-lender gives them a loan in money calculating the price of the grain which he has to receive from the borrowers at a much lower figure than the market price. If the amount borrowed is large the money-lender takes away the crop of the debtor at less than half the market price and the rate of interest in such cases works out at 4 to 5 hundred per cent.

Economic servitude verging on domestic slavery due to indebtedness is found in several parts of India, especially in Bihar and Orissa, certain backward tracts of the Central Provinces and in the United Provinces. In such cases the money-lender forces the debtor who is unable to discharge his obligations to work for him either personally for a number of years without any remuneration or to provide a substitute to perform the same services.

It is important to note here that the position of the money-lender has been considerably strengthened during the British rule in India due to the greater elaboration and strict enforcement of the laws of property and contract. Under the present legal system, the rich money-lender can legally extort money

out of the ignorant and poverty-stricken peasantry much more easily than he could in earlier days.

The economic effects of this inordinately heavy indebtedness of the peasantry are disastrous. It is a notorious fact that the money-lenders usually do not insist on the repayment of the capital and allow the interest to accumulate till they are strong enough to get the property of the debtor transferred to themselves in a civil court. Thus in the last quarter of a century large tracts of land have passed from small peasant proprietors to the money-lenders all over India.

It is important to realise here that a very large number of land-holding money-lenders are town-dwellers and are therefore absentee landlords. They lease out their lands to tenants and entrust the management of their property to agents who are as a rule highly tyrannous and exacting. Thus the transfer of land to money-lending classes increases all the evils of absentee landlordism in the rural areas. Note that in the Punjab where according to the Land Alienation Act land cannot be transferred to non-agricultural classes, the richer zamindars carry on money-lending operations on a fairly extensive scale and the smaller cultivators have no protection against the transfer of their lands to these richer agriculturists in lieu of debts.

CHAPTER IV

SYSTEM OF LAND TENURE

The system of land tenure establishes certain relationships on land which form the framework within which agricultural production is carried on. The manner in which the land is held not only determines the distribution of the total product but has a strong influence on the method and technique of production. Moreover, different systems of tenures have different political and social significance. Hence it is important to examine the systems of land tenure prevailing in India.

Broadly, the system of land tenure in India can be divided into two big categories, viz., *Zamindari* and *Ryotwari*. Under the former which is found mainly in Bengal, Bihar, the United Provinces and North Madras, the land is owned by zamindars or landlords who are responsible to the government for the land revenue of the territory in their possession. The zamindar leases out his land to the tenants and collects the rent, a part of which is paid to the government as land revenue and a part kept by the zamindar in virtue of his ownership of the land. The government never deals with the cultivator of the soil.

Under the Ryotwari system which, with slight variations of form, predominates over the rest of India, the land is owned by the cultivators, land revenue is assessed on each individual holding separately and is paid by each cultivator directly to the government.

Historically, the zamindari system is the creation of the British in India. Under the Mughals, theoreti-

cally, absolute ownership of the soil was vested only in the state but the produce was divided between the cultivator and the government or any nominee of the government who had been empowered to collect land tax. Thus there existed a class of rent collectors but they were officials of the state who acted on behalf of the state and were paid according to a regular scale of salaries. The disintegration of the Mughal Empire and the consequent disorganisation in the collection of land revenue made the rent collectors more and more rapacious and independent of the central government. Taking advantage of the dislocation of the administration they made their offices hereditary. The power of the Emperor and the feudal aristocracy being almost entirely dependent on land revenue the collection of which was becoming increasingly difficult, the central government allowed these rent collectors to become revenue farmers who agreed to pay a certain sum of money to the Government annually but were left free to collect as much as they liked from the peasantry. Revenue farming which first developed in the Mughal Empire, more particularly in Bengal, soon spread to other parts of India. As the government of each province weakened, the strength of the revenue farmers increased.

When the East India Company took over the *Diwani* of Bengal the revenue farmers were a large body and hardly distinguishable from full proprietors of land. Lord Cornwallis realised that the revenue farmers could not only ensure a steady flow of revenue to the exchequer but could also be converted into a class of loyal landlords who, being the creation of the British, will act as one of their main supports against hostile forces. British Imperialism, interested only in the economic exploitation of the country, in perfect political security, needed a landed aristocracy which being dependent on the new rulers for its

political and economic status should form a bulwark against mass discontent. Thus the revenue farmers were given the rights of full ownership of the territories which were under their control and the peasantry of Bengal was dispossessed of its hereditary claims to the soil.

British Imperialism not only retained but added to the existing methods of exploitation. A handful of rich land-holders were made the masters of millions of peasants who, having no legal protection against the former, sank into a position almost equivalent to serfdom. The Government demands for land revenue were rigorously enforced on the zamindars who in turn crushed the peasantry under the burden of taxation. There was no legal limit to the amount of money that a landlord could extort from his tenant, and as long as he paid his dues to the Government regularly he was safe and protected by the arms of law. The peasants were not only deprived of their proprietary rights in land but were subjected to the worst forms of rack-renting. Wholesale evictions for non-payment of rents were very common and severe methods were adopted for the recovery of dues.

The position has not changed during the hundred and forty years that the permanent land revenue system has been in force in Bengal. In fact, the peasantry of Bengal today is more crushed and poverty-stricken than it was in the nineteenth century. The tenancy laws have no doubt given certain limited occupancy rights to the tenants and the enhancement of rents has been forbidden otherwise than through administrative process but these restrictions are being cleverly evaded by the zamindars with impunity. In the present state of severe competition for land rack-renting is universal and due to the complete inability of the bulk of the peasantry to pay the present rents evictions are very widespread.

The illegal taxes of the zamindars which weigh he-

avily on the peasantry continue undiminished. But perhaps the worst feature of the zamindari system of Bengal is that between the actual cultivator of the soil and the zamindar there is a chain of tenants and subtenants whose number is seldom less than ten and may be as high as twenty-five. Each one of these takes a share of the product of the cultivator's labour with the result that a very small fraction of the total produce remains with the cultivator. It has been estimated that between 55 and 75 per cent of the amount paid by the cultivator as rent remains in the hands of the zamindar and other middle-men. Absentee landlordism, with all its concomitant evils in the form of oppressive and corrupt agents, is widely prevalent.

Landlordism in the United Provinces and Madras also arose out of the class of revenue farmers and the Government policy there was inspired by the same political and economic considerations as in Bengal. The evils of the Zamindari system are, however, everywhere the same. In the United Provinces as in Bengal even the limited protection afforded to tenants by the Tenancy Acts is being openly violated and large-scale ejectments and rack-renting are common. According to the latest Administration Reports of the United Provinces, suits and ejectments under the Agra Tenancy Act rose to 171,574 in 1934-1935 as compared with 165,464 in the previous year. "The number of cases was 83,655 against 76,312 in the previous year and the area from which ejectment took place also rose from 214,000 to 231,744 acres." The report adds: "The increase is accounted for by the fact that landholders who have recovered their position on the collapse of the civil disobedience movement seem to have made more use of the procedure for ejectment for non-payment of rent and to have taken advantage of the wide terms of Section 44 to get rid of persons who for a variety of reasons were holding land without title."

"Suits and applications under the Oudh Rent Act increased from 70,065 to 77,413. The largest increase of 8,181 was in suits and applications for ejectment and assistance to ejectment." Coercive measures of the severest type are resorted to by the zamindars for the recovery of rents. The zamindars and their agents draw the poorest peasants into expensive litigation for the recovery of arrears. The Tenancy Laws have vested the landlords with very extensive powers against the peasantry against the non-payment of rents.

In the United Provinces, it is not uncommon for the zamindars to charge the tenant secretly rents which are much higher than those officially shown. There are a number of other illegal exactions. The following statement by a senior revenue official of the United Provinces is noteworthy. "It must be borne in mind that the cesses—to employ a more correct if less harsh term than exactions—differed greatly in nature and origin: An increase of existing cesses and the creation of new and sometimes extraordinary ones took place, e.g., in an eastern district a big zamindar realised "gramophoning" when his son went round the village with a musical instrument of kind mentioned...The presentation of a *nazrana* on building a house, planting trees and digging a well—making him in fact pay for the privilege of improving his holding—will, we fancy, continue for some time, nor be objected to so long as confined to reasonable limits. Cess on *bhusa*, sugarcane, *payal* and *karbi* are objectionable in theory and—of late years still more so in practice—the small quantities formerly levied from the individual cultivator having increased in size: ...Among the less legitimate exactions on the part of big zamindars we find that a tenant is expected to give his landlord a *kachcha* maund of wheat whenever a wedding takes place in the family of the latter, also to give one day's ploughing each season

to the *sir* land of the zamindar. The non-cultivating residents of a village have likewise to add their quota to these unlicensed dues. The Chamar gives two pairs of shoes annually, the shepherd a blanket, the Pasi—usually the village watchman—a goat, the Kahar one maund of *Singhara* per tank on which that waternut grows. The oilman (teli), the grain parcher (bharbhuja), and the weaver (jolaha) pay sums in cash varying from twelve annas to a rupee and a half. Considering that the majority of these people live from hand to mouth these demands seem excessive. The time has come when the zamindar should realise that demanding further amounts to the rent charges has become an anachronism and should be dispensed with."[1]

The above is by no means a full list of the exactions. There are some more fantastic ones such as '*Motorana*' or '*Hathiana*' where each tenant is obliged to pay something towards the working expenses of the zamindar's motor car or the maintenance charges of his elephants. Then again it is very common for the zamindar to oblige his tenants to join a raffle for disposing of some of his useless and discarded property.

Under the Ryotwari system the condition of the peasantry is hardly any better. With the growing over-pressure on land and the consequent subdivision of holdings, general poverty and indebtedness there has been a steady decline in the number of peasant proprietors. The land has been accumulating in fewer and fewer hands. The small cultivator has been losing his property either to the money-lender or to bigger proprietors, with the result that a strong class of rich landholders has come into existence who play almost the same role as the landlords in the zamindari

[1] *History and Status of Landlords and Tenants in the United Provinces* by S. N. A. Jaffari, pp. 131-132.

areas. It is significant to note that in the Punjab which is supposed to be the land of peasant proprietors over 60 per cent of the land is cultivated by tenants who pay rents in cash or kind.

The report of an enquiry into the agrarian conditions in the Maharashtra conducted recently by a committee appointed by the Indian National Congress states that "In the Central Division 80 per cent of land is owned by 29 per cent landholders. Our own investigation has shown that in the majority of villages the top 4 or 5 Khatadars own between them, at least, more than 50 per cent of the village land. This top stratum rents most of its land to the small landholders at the bottom. It will thus be clear that in the Ryotwari tracts also there is zamindari and the problem of rent exists for the huge majority of the peasants." The report adds: "The relationship between the new landlords and their tenants being strictly contractual has so far escaped any regulation by the state in defence for the weaker party."

That the ryotwari landlords are as oppressive as their counterparts in the zamindari areas is a well-known fact. Referring to the bigger landholders of the Punjab, Mr. Darling states "There are it is said only five per cent who do not in one form or another, oppress their tenants by letting their horses graze in the fields, by impounding their fowls when guests have to be entertained or by running cases against good men who leave them and harassing them till they return." There being no tenancy laws in the ryotwari areas, the bigger landholders have unlimited powers over the tenants in respect of ejectments and enhancements of rents. In certain ryotwari tracts rack-renting is even worse than in the zamindari areas.

The bigger landholder is not the only oppressive middle-man; the money-lender is exceptionally powerful in ryotwari tracts. Statistics show that peasant indebtedness is greater in the ryotwari than in the

zamindari areas. This is due partly to the fact that the petty proprietor in face of his low income struggles hard to improve his land by expending a little more capital on it and partly to his greater facilities for borrowing in view of the security in land that he can offer to the money-lender. Complete inability on the part of the peasant to pay up the debts or even the annual interest thereon is transferring every year large number of holdings to the money-lenders who are invariably absentee landlords.

In addition to rack-renting and indebtedness, there is the big problem of excessive demands of land revenue by the Government.

The incidence of land revenue is essentially regressive in nature, the poorer the cultivator the greater the burden of taxation. As the rich and the poor landholders pay the same rate and as taxation does not vary directly with the total income of each cultivator, the burden falls most heavily on those who are least able to pay. Thus the great bulk of the peasantry in ryotwari areas is crushed under heavy taxation by the Government.

In brief there are three main grievances of the peasantry in ryotwari areas.

1. The gradual passing of the land from the hands of the original small proprietors into the hands of the non-cultivating classes of money-lenders and the bigger landholders.

2. Excessive burden of indebtedness.

3. Excessive demands and inelasticity of land revenue which weigh heavily on the small proprietors.

The crux of the whole problem is that British Imperialism brought Indian agriculture into the sphere of capitalist economy but in such a way as to close up all avenues of prosperity for the peasant in future. The *zamindari* as well as the *ryotwari* system of land tenure are totally anachronistic systems of land relationship in an inexorable capitalist environment of

world competition. Between the state and the actual cultivator there was created, in the first instance, by British Imperialism a hierarchy of parasitic middlemen who grew in number in course of time and effectively prevented the accumulation of capital in the hands of the cultivator, thereby condemning Indian agriculture to remain backward and unenterprising. Thus all the present economic ills of the peasantry have arisen out of the combination of historic circumstances which followed the advent of British Imperialism in India.

CONCLUSION

In the preceding pages we have observed the extent to which population is pressing on land, the excessive subdivision and fragmentation of holdings, the massive poverty of the peasantry, the enormous rural indebtedness and the systems of land tenure which have festered a whole class of middle-men and weigh heavily on the actual cultivators of the soil. We have also noted that the agrarian problem is essentially the outcome of the historical events which have followed the advent of British Imperialism in India. Space does not permit us to analyse in detail the various remedies which have been put forward in recent times to solve the agrarian problem. We only wish to emphasise that since the problem is fundamentally connected with the existence of British Imperialism in India, piecemeal and isolated economic remedies which do not take into account the political factors involved in the present situation are bound to fail. As the present agrarian conditions are the outcome of a whole system of economic and political relationships established in the country by British Imperialism no far reaching improvement in the condition of the peasantry can be brought about unless these relationships are fundamentally changed.

Let us take into consideration large scale industrialisation which is put forward as the only remedy for relieving over-pressure on land. Can we talk of industrialisation detached from its political implications ? Can we possibly industrialise the country on a large scale within the framework of Imperialist economy ? We know how British Imperialism destroyed the old handicraft industries and how India is

being deliberately preserved as the source of raw materials for British industries and a semi-monopolistic market for British goods. We also know that the modern industrialisation of the country has been so very insignificant and even the little achieved has been against the will of British Imperialism. Exchange manipulations, tariff and other fiscal arrangements of the Government of India have only one object and that is to keep India industrially as backward as possible for an industrialised India would spell the ruin of the British industries. Thus to talk of industrialisation of the country under the present political system is to close one's eyes to all the realities of the situation.

But even if India were to force the hands of Imperialism into granting her certain economic concessions in the interest of Indian industries, the scope for industrialisation would still be very limited. Why is this so? Because, since the Indian industries would depend mainly on the home market, industrialisation would remain ineffective unless the purchasing power of the peasantry was raised considerably. There can however be no substantial improvement in the condition of peasantry unless the basic economic and legal relationships on land were radically changed in the interests of the cultivator. But British Imperialism by sheer logic of its innate character can never touch these relationships. The whole series of economically and legally entrenched middle-men, zamindars, money-lenders etc. who prevent the accumulation of capital in the hands of the cultivator and are directly or indirectly responsible for the present backwardness of agricultural production are the main social supports of Imperialism in India.

It is noteworthy that the Royal Agricultural Commission which surveyed the agricultural conditions in India did not even consider the problem of land tenure which is at the root of all the ills of the Indian peasantry. The question of landownership was not included

in its terms of reference which stated that "It will not be within the scope of the Commissions' duties to make recommendations regarding the existing system of landownership and tenancy or of assessment of land revenue and irrigation charges." The various Tenancy Acts have not materially affected the proprietary rights of the zamindars. The few laws passed by the Government giving limited protection to the peasant from the money-lender such as The Deccan Agriculturists' Relief Bill (1878), Usurious Loans Act (1918), Punjab Land Alienation Act (1901), Punjab Regulation of Accounts Act (1930) etc. have left the essential legal relationship between the money-lender and the debtor intact. Thus it is undeniable that industrialisation which is extensive enough to become an important factor in the reorganisation of agriculture cannot be brought about unless the basic economic and political relationships on which Imperialism rests are changed.

Let us now turn to Cooperation which is put forward by the Government as the main solution for rural indebtedness. We know that since the inauguration of the Cooperative Movement about 30 years ago, the progress has been so slow and negligible that its inefficacy is an admitted fact. Sir M. Visvesvaraya remarks "all that has been done amounts only to a scratching of the surface." If the Cooperative Movement has not been successful or sufficiently popular during the period when the peasantry was in a better position, its success has become all the more difficult after the crisis. This is obviously due to the fact that the bulk of the peasantry is so impoverished that it has no resources to enable it to take advantage of the movement. The Cooperative Movement has only served to centralise to a very limited degree the capital of the village upper stratum which alone derives any benefit from it. The mass of the peasantry is still dependent on the money-

lender and having nothing but personal security to offer against loans remains outside the movement.

The history of Cooperation in India shows that at best it has attempted to substitute organised credit for the harsher credit supplied by the money-lender. It has not touched the core of the problem of rural indebtedness and has therefore brought no appreciable relief. If we look at the total amount of peasant indebtedness in relation to the annual value of the total agricultural produce, we observe that it would take years to repay it even if the entire value was delivered up to the creditors and the entire peasantry starved throughout the period. For this reason the Cooperative Credit Movement cannot be accepted as an adequate solution for the problem of rural indebtedness and the elimination of the money-lender.

Turning to the problem of improvement in the technique of agricultural production we note that the specific measures which have been suggested in this connection are good in themselves but if dealt with detached from the fundamental socio-economic factors which determine the framework within which agricultural production is carried on, would be ineffective. For instance, the consolidation of holdings cannot be separated from the question of revision of property rights in land. Improvements in agricultural equipments such as better implements, artificial manuring, better livestock etc., are linked up with the question of the accumulation of capital in the hands of the cultivators which in turn, is connected with the problem of the existence of zamindars and money-lenders on the land. The improvement in the marketing of agricultural produce is also linked up with the problem of middle-men-speculators, wholesale dealers, exporters etc. who swallow up the profits of the cultivators.

* * *

To sum up, the problems of Indian rural econo-

my cannot be separated from the problems of our national economy. The present agrarian situation is the outcome of the politico-economic system established in the country by British Imperialism. Hence, the peasant question is a part of the wider question of the struggle against British Imperialism.

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SURVEY OF A SOUTH INDIAN VILLAGE

By

N. S. SUBRAMANIAN M.A.

WITH A FOREWORD BY

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by

DR. Z. A. AHMAD

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FOREWORD

One of the greatest drawbacks of economic literature in India is the insufficiency of good, scientific data on important problems. We lack adequate material to draw sound conclusions from; hence our generalisations are apt to be defective. University teachers who write books have an unfortunate tendency of repeating each other. Government reports and statistics being their only source of information, their writings often lack that originality and authenticity which is born of an intimate and first-hand knowledge of facts. Our students are taught economic principles in the abstract; they are never brought into a living touch with the economic lives of the people. For instance, a student studying for Master's degree may have read volumes on Malthus and Ricardo and yet he may be completely ignorant of the conditions of life and labour in the villages which surround his University. Field work and first hand surveys of economic conditions are seldom encouraged in our centres of learning. All this lowers the quality of our economic literature and keeps our economists in an artificial atmosphere of pure theory detached from life.

Knowledge to be socially useful must be based on a sound understanding of objective conditions. The economic problems of our country are very big indeed and we want men not only well trained in general social theory but having an intimate grasp of local conditions to tackle these problems. We want to build up a new literature which should boldly investigate and suggest remedies for our economic ills. But for all this we want more research;

more detailed and authentic information on the economic grievances of our people.

Mr. N. S. Siva Subramanian's Survey of Nerur, is a very useful piece of work. The agrarian problem has a fundamental importance in India and yet there is very little reliable and exhaustive information on the economic conditions in the villages. Mr. Subramanian's survey which includes an analysis of the income, expenditure and indebtedness of the peasantry of Nerur is therefore an admirable contribution to our economic literature.

University students, social and political workers and others generally interested in the economic problems of the country can do useful work in the collection of economic data. Small intensive surveys, like this one, conducted in different parts of the country and embracing different aspects of our economic life would provide us with a fund of facts and ideas on which our national movement can grow.

Z. A. AHMAD

Political and Economic Information Department, A. I. C. C.

ALLAHABAD
September 9, 1936.

NERUR—A SURVEY

General

Nerur is situated on the left bank of Kaveri in the Karur Taluk of Trichinopoly district. It has an area of nearly eight square miles, an irrigation channel branching from Kaveri and 1718 acres of wet and 1890 acres of dry land. There are about 150 wells dug to irrigate some 300 acres of dry land, while the rest of them are rain fed. As regards the wet land, the soil is rich, the irrigation perennial and the cheap and abundant supply of human labour is always available. These factors have tended to intensive cultivation and three crops of paddy, sugar-cane, plantains, turmeric, groundnut and other commercial crops are grown. The dry area is not equally rich, and the few wells dug are not sources of un-failing supply. The yield of wet lands is above the average for the district, but the same cannot be said of the dry lands as crops like tobacco, chillies and other costly crops cannot be grown on them.

The village has a population of 6200, of all communities of Hindus, some Christians and a few Muslims. This village contains the second largest Harijan population in any village of the district. The Harijans and all the other communities of Hindus except the Brahmins, the Chettiars and a few others are engaged in agriculture. The one industry existing in the village is that of mat-weaving which engages ten families. The plying of bullock carts and *jutkas* provides living for 25 families. Ten schoolmasters, four village officials, six village menials, the village postman and the postmaster

receive their petty salaries from government and other authorities. Right to fish in the river is leased out by the district board, but fishing in the irrigation channels is not objected to. There is no grazing ground worth the name, but some manage to keep cattle and earn a petty living therefrom. Poultry, piggery and fishing add to the resources of some. The general population manage to collect their fuel somehow, and the cattle dung is also used as fuel. Cocoanut, mango and other fruit yielding trees add to the resources of the owners.

The conspicuous features of this village are: that a major portion of the lands is owned by outsiders, and the residents are greatly indebted. Though teeming with population, the village has to employ the labour from outside, for the lack of rotation of crops and planning necessitate it. The productive sources are so limited that the population remains unemployed for most of the time while they are over-worked for some time. As everywhere, wealth is so ill-distributed that the majority owns hardly anything except their own selves.

Production

A study of the production of this village is attempted in the following tables. Mutual services rendered among themselves, whether paid or not are not taken into consideration. Only the ultimate production or income is taken into consideration. Table 1(*a*) gives the gross income from agriculture, 1(*b*) the net income from agriculture and 1(*c*) the net income from other sources. Table 2 gives the amounts which leave and the balance that remains in the village for consumption, and the per capita income. Table 3 is a list of holders owning more than five acres of wet land together with their debts. Another estimate of per capita income is arrived at after deducting these holders, and their incomes. Some conclusions which follow from this study are given at the end.

TABLE 1(*a*)

Gross income from agriculture

	Rs.
Wet land.	
Paddy (grown in 1318 acres) @ 50 Kalams per acre per Kalam @ Rs. 2-12-0. Hay @ Rs. 10 pe acre.	1,94,305
Sugar-cane (grown in 200 acres)* @ 25 podies per acre per podi @ Rs. 15.	75,000
Plantains (grown in 100 acres)[1] 600 bunches per acre. per bunch @ 0-5-4.	20,000
Other crops. Groundnut, turmeric, etc. (grown in 100 acres) at an average income of Rs. 150 per acre.	15,000
Dry land.	
Well-irrigated 300 acres average income per acre Rs. 80	24,000
Rain-fed 1590 acres average income per acre Rs. 7.	11,130
Cocoanut, mango and other fruit bearing trees.	5,000
Total.	3,44,435

*The market price for more than a year has stood at Rs. 13 per podi. If however the price is anything below Rs. 14 the grower can get nothing for the land.

1. The price of plantains is always fluctuating. If the price is below 0-5-4 (which often happens) the grower will get nothing for the land.

Sugar-cane and plantains are grown in expectation of better prices and many have lost considerably by growing them. However these crops require greater human labour than paddy and provide employment for labour.

TABLE 1(*b*)

Cash and kind payments to outsiders, and net income from agriculture, (kind reduced to cash at current rates)

			Rs.
Wet land.			
Paddy.	Manures and labour* of outsiders. @ Rs. 32 per acre. 1318 acres.		42,176
	Seed used 2000 kalams. @2-12-0.		5,500
Sugar-cane. 20 acres	Manures and cash payments for growing and crushing cane @ Rs. 210 per acre.		42,000
	Seed sets. @ Rs. 40 per acre ..		8,000
Plantains 100 acres.	Manures, labour and bamboos at 110 Rs. per acre		11,000
Other commercial crops. 100 acres.	Manures, labour etc. at Rs. 60 per acre		9,000
Dry land.			
Well-irrigated land 300 acres.	Manures, labour etc. @ 30 Rs. per acre		9,000
Rain-fed	1590 acres. Manures, labour etc. @ Rs. 1 per acre		1,590
Seed for well-irrigated and rain-fed land. ..			3,000
Fruit-bearing trees.	Labour and manures, etc. ..		1,000
			1,32,266
Gross income from agriculture		3,44,435-0-0	
Expenses of cultivation[1].		1,32,266-0-0	
Net income[2] from agriculture.		2,12,169-0-0	2,12,169-0-0

*Labour by the villagers is not charged for. Labour charges mentioned here are those which are paid to outsiders and the amounts leave the village.

1. Expenses include only the items for which payments out of the village are made. The cattle and pig manure produced locally as well as local labour are not included under this head.

2. Net income alone which remains in the village is given; it includes the product of land as well as the labour of the residents of the village.

TABLE 1(*c*)

Net income from non-agricultural sources .

	Rs.
Salaries of government and Dist. Board servants 500 Rs. per month	6,000
Mat-weaving. 10 families @ Rs. 100 per year..	1,000
Bullock carts and *jutkas**	3,000
Income of temples from outside	1,000
Pensions etc.	1,000
Monetary help from relatives etc.	1,200
Petty trade in hay, grass, plantain leaves, and in Kolli Malai produce	1,200
Sale of cattle and cattle produce[1]	2,400
Interest on capital lent out, and agri. and non-agri. income from outside	6,000
Wages earned elsewhere by labourers and artizans. [2]	1,200
Tourists and pilgrims	200
	24,200

The total net income from agricultural and non-agricultural sources is Rs. 2,36,369.

Of the gross agricultural production more than one third leaves the village by way of charges for manure and labour from outside. Chemical manures have a fair share of this amount. A well planned crop rotation might minimise the need for out-side labour and create greater employment for the villages.

*The income earned from outsiders is alone taken into account.

[1] Except the Brahmins and a few caste communities the rest sell away milk and milk products for which there is a ready market at Karur a town six miles off.

[2] Before this trade slump some thousands of rupees were being received into the village from Ceylon and Malayan states every year. But for the last five years no remittance worth the name has been received.

TABLE II

The out-goings and the balance available for consumption

			Rs.
Land Revenue, irrigation and allied cesses ..			30,000
Toddy and Arrack shop rentals (to Government)			6,000
" " " tree taxes, rent to tree owners, tappers and others			6,000
The earnings of the Post Office ..			500
Bullock carts and *Jutkas*. paid to outsiders ..			2,000
" " " owners, expenditure on fodder and repairs outside ..			1,000
Purchase of Cattle etc.			1,000
Interest charges *@ 8 per cent per annum for 5 lakhs borrowed from outside ..			40,000
Rent to owners of land residing outside the village			
Wet land 900 acres at Rs. 90 per acre	81,000		
Well-irrigated 100 acres at Rs. 20	2,000		
Rain-fed 300 " " Rs. 2	600		
	83,600		
Less land revenue and other dues already deducted	13,250		
Land rent paid to outside owners exclusive of the taxes.		70,350	70,350
Total payments from the village			1,56,850
Total net agricultural and non agri. income of the village	2,36,369		
Total out-goings	1,56,850		
Balance remaining in the Village	79,519		79,519
Per capita income. (Village population 6,200.)			Rs. 12·8

*The debt of 5 lakhs is for the residents of Nerur and not for non-resident holders. Their debts are not included under this head. The rate of 8 per cent is the lowest, but interest has been calculated at such a low rate for all the debts both secured and unsecured.

The effects.

Of the net total income more than two thirds goes out of the village by way of land revenue and excise taxes, interest charges and rents to non-resident owners. The increasing costs of litigation, money squandered by some on vices and the natural toll of civilisation take away a fair portion of what remains for the consumption of the village. The per capita income in such a favourable area is so poor, that the majority of the population are leading but sub-human lives. Theoretic perfection and human ingenuity manage to multiply this figure any number of times, but the pitiable poverty-stricken condition of the people which greets the eyes will convince any one that the per capita income arrived at is a correct one. The per capita tax comes to Rs. 6, and on the basis of the income of the individual it is 50 per cent. The poor man who gets only 12 rupees for himself manages to pay to government six rupees as taxes in addition to the numerous indirect taxes that he pays for his salt, his kerosene, and his matches. Roads, not very well maintained, a few schools which educate about one sixth of the children of school-going age, and the peace and security are what they get from the government. Though the population is 6200 even a rural hospital is denied to them. Fatal maternities, cholera, small-pox and other diseases take their annual toll unchecked. If the people know how to live on Rs. 12.8 (as they do now), how well will they know to live if only what they pay to government is not taken away but allowed to be spent by them. It might be suggested that they get many things free or cheap, and their income when scientifically worked out might be many times more than Rs. 12-8. Air, sunlight, abundance of water, and free space to move about they have got, but these by themselves cannot add to human happiness.

This big village with so much area under cultivation has no recognised grazing grounds, and that shuts out all chances of cattle-rearing and making a small addition to their little incomes.

TABLE III

Resident owners[1]*, owning more than five acres of wet land, together with their debts.*

Names	Area owned	Other property	Debts
			Rs.
V 1	24	10,000	
V 2	20		20,000
V 3	23		10,000
A	15	10,000	..
P 1	20		20,000
P 2	12		10,000
P m	15		10,000
S	15		
R	10		7,000
R 2	8		2,000
M	5	5,000	
S	10		
K	10		
P a	7		3,000
k	7		3,000
1	7		3,000
N	12		
N 1	5		
S p	7		5,000
S k	7		5,000
SS	6		5,000
St	5		3,000
Total	250		106,000

[1] Full names are not given but only initials and other clues.

Concluding Remarks.

Of the seemingly rich, only a few are able to keep their heads above water. The others are sinking and it is a question of time when they will take leave of their holdings. There have been such falls even before this depression period and since its commencement many have lost all hopes of getting out of the clutches of their creditors. Within the memory of the writer more than 800 acres have thus changed hands, and this leads to the natural conclusion that all the lands of the village change hands in the course of two generations.

The twenty-two owners owning more than five acres of wet land own among themselves more than a quarter of the wet land owned by the residents. An attempt to arrive at a per capita income after deducting these twenty-two owners and their incomes will clearly reveal the effects of mal-distribution and the very low income of the others owning land and otherwise. The per capita income arrived at thus is Rs.8-8. This low figure will speak for itself, and need not be further explained.

A rich soil, perennial irrigation and intensive cultivation as are obtaining in this village with an over-average yield is not sufficient to maintain its own population. If the net income of Rs. 212,169-0-0 from agriculture were to be divided equally among all the villagers they might get more than three times what they get at present. But this is too big an If. Even granting it to be so, it may not be sufficient to assure them an income with which they can lead a civilised life. Intensive agriculture gives greater employment, but not sufficient labour for all the population throughout the year. A majority of employable persons are forced to idle away their time for a major portion of the year. This can be avoided only by diverting many of them to other occupations which will employ them throughout

the year or during their off seasons. Well worked out plans of cropping and crop rotation will also minimise the need for rush at certain seasons, and the slack at other periods. Wet cultivation is not so much dependent upon monsoons as dry cultivation and this gives scope for planning and regulation. Cottage industries seem to be really attractive, but their future is not at all bright. Emigration certainly can really help to divert many of these under-employed to more permanent employments and greater incomes. Industries allied to agriculture which can be worked on a small scale should be tried to provide employment for the people. Sugar milling, utilising and preserving plantain products, will give greater employment and income to the people of the village. The allied calling of cattle rearing should certainly be encouraged by providing grazing grounds and by giving other facilities. The demand for cattle-produce is growing and the manurial needs of the village might be satisfied to a greater extent than at present. These factors may reduce the dependence of all on land and give them better incomes.

The pity of the village is that a major portion of its land is being owned by outsiders and they take out the produce or its value to be spent out of the village. They are not agriculturists, but only investors who have come by possession of lands, as it is the safest form of investment and as it adds to one's social status. They care only for their rents, and the competition which exists fetches more than a reasonable rent. They do not take interest in the cultivation of land. As they own more than half the area under cultivation and as they are profiteers pure and simple, no great improvements in agriculture can be effected in the village. The Tamil poet Thiruvalluvar says that the owner should daily visit his land lest it gets offended

at his neglect just like a wife, but these absentee landlords are supremely indifferent to any kind of improvement. As a result, the lands are getting depleted, the people impoverished and the ultimate result is bound to be ruinous for all concerned.

Indebtedness is the other problem which stares one in the face. A seemingly rich area is heavily indebted, and all the produce of nature and human labour is being perpetually paid out by way of interest charges. The people are not all wise and there is some waste, which must be condemned. But the debts have accumulated not solely through waste but by sheer want. Perhaps less favoured areas might not get so much credit, but the ready credit which it commands is the curse of the village. Credit should be sufficiently cheap and should be available for only productive expenditure, but it is not so. The propertied man may get money cheap but he wastes it or starts speculating; the poor man has to pay an exorbitant price for the small capital which he needs for his production and his subsistance. The landowners slowly get indebted, they mortage and sell their lands, and are replaced by a set of new owners; in their turn these new owners follow the footsteps of the previous owners and take leave of their land later on. This is what is going on as regards the land owners. The landless get indebted, leave the village and are replaced by a new set, or the old set returns after wandering elsewhere.

This cycle goes on for ever, but in the meanwhile a few try to rescue themselves from the clutches of the creditors. In their eagerness they forget their physical capacities and deplete their soil and this leads to the weakening of the soil and of the people with grave consequences for the future. Facilities of credit are needed, but the real problem is to find out means for increasing the resources of the people.

It has been noted that the people pay as taxes

about 50 per cent of what they retain for their consumption. On the face of it, it is a heavy burden and much more so for a people with such a low per capita income. Land and human labour both produce a net income of Rs. 2,12,169-0-0 for the village, but the government take Rs. 30,000 for land and water which they supply. In normal conditions the land may not yield twice of what the government realises from the village. The benefits derived from the government have been already mentioned. Peace and security might be made much of, but they are of no consequence to a vast majority of the people who have not much to secure to themselves except their bodies and lives. The miserable existence which they lead, has not created in them any very strong attachment for life, and many might be quite willing to end this existence if allowed to do so. Peaceful conditions only perpetuate their misery and they do not want any security whatsoever.

Of the excise taxes much more has to be said. It is an income obtained only from the very poor who are wage-earners and the landless. These people earn a pittance but the attraction of the toddy or the *arrack* is too great for them to resist and they spend their little earnings on their drink. With empty hands they return home and starve themselves and their families. The minor breaches of peace which occur in the village are those which are the reactions of drink. The government whose primary duty is to assure peace is again responsible for the origin of all the minor troubles in the village by its excise policy. The propertied people take to other vices and waste, but the poor drink and lose what they get and get more and more deteriorated.

Table three gives a list of owners owning more than five acres of wet land. Some twenty-two owners own more than 250 acres. There are others holding land below five acres, and the number of

un-economic holdings is very large. Even then a vast number, more than eighty per cent of the population, own nothing and they have to depend on their or their relatives' labour. The question of mal-distribution of wealth is as great here as anywhere else. While a few favoured enjoy their lives the rest are so miserable that life is irksome to them. Property is greatly valued and human life and human labour are looked down upon and neglected. The per capita income is an average and proceeding on its basis is but like wading a river on the basis of its average depth. This problem is a vast one and its solution like some other problems has to be on a national scale. Normal human labour should earn all the human needs, and the care for the morrow should not be the oppressing burden as it is now. Greater production under the existing circumstances may not greatly relieve the condition of the poor, and an earnest attempt to arrive at a fairer distribution of the blessings of nature, and the product of human labour should be made.

A most favoured area, with a normally energetic people does not present us with a happy view as one should expect it to do. The reasons for it are not anything peculiar, and prevail with greater intensity in less favoured areas. Nature is not stinting, but man is. If only he can view things straight in the face and set about earnestly re-arranging them to assure happiness for all he can do it. Some day he will. And then we will witness the birth of a new Nerur, as of a new India, worthy of its destiny and secure in the glory of its future.

PREFACE

This small pamphlet has been written with the sole object of drawing public attention to the problem of Excluded Areas in India. It is a mere introduction and does not in any way claim to be an exhaustive analysis of the problem.

The data at my disposal was very scanty, as a veil of darkness surrounds the Excluded Areas. One is inclined to believe that information on the life and labour of the inhabitants of these areas and the administration to which they are subjected is deliberately kept out of all official publications. Nor, as yet has any systematic attempt been made by non-official agencies to bring to light the conditions prevailing in these tracts.

I am, however, thankful to Mr. P. Kodanda Ramiah, Secretary, Excluded Areas Association, Polavaram who supplied me with a number of facts which have been incorporated in this pamphlet.

Z. A. AHMAD

INTRODUCTION

The problem of Excluded Areas has not yet received the measure of public attention that it deserves. There are in India today about 25 million tribal people, nearly half of whom have been excluded from the scope of the ordinary law and administration of the land, by being placed in what are now called "Excluded" or "Partially Excluded Areas." These areas are kept under a specially autocratic system of administration and have remained entirely unaffected by constitutional changes in the country. No Provincial or Central Legislation is applicable to them, unless so desired by the Governor-General or the Governor. This aspect of Indian administration which affects the lives of millions of inhabitants of the country is one of the most brazen expressions of imperialist rule in India.

Before the Reforms of 1919, almost all of these areas were "scheduled districts" under India Act XIV of 1874. They were subject to special laws and administrative procedure secured either by enactments for individual tracts or by notifications under All India Statutes.

The Montague-Chelmsford Reforms treated these areas as "Backward Tracts" and made the provisions of the Government of India Act of 1919 inapplicable to them. A distinction was however made between those tracts which were wholly excluded from the Reforms and those which were subjected to varying degrees of exclusion. The tracts which were completely excluded were not given any direct representation to the legislatures; nor were the legislatures allowed any jurisdiction over them. The Governor-in-Council was made solely responsible for their administration. This was secured by Section 52A(2) of the Government of India Act (1919) which prescribed that:—

1. "Neither the Central nor the Provincial Legislature shall have power to make laws applicable to the tract, but the Governor-in-Council may direct that any Act of the Provincial Legislature shall apply to the tract, subject to such

exceptions or modifications as the Governor thinks fit.

2. "Proposals for expenditure in the tract need not be submitted to the vote of the Legislative Assembly or Provincial Legislature.

3. "No question may be asked about the tract and no subject relating to it may be discussed in the Assembly or (except with Governor's sanction) in the Provincial Legislature."

The remaining "Backward Tracts" were treated as partially excluded in the sense that the legislatures were allowed to vote the necessary expenditure for them, to ask questions about them and to make special laws for them, which however could in no case be enforced without the sanction of the Governor-General in Council or the Governor-in-Council, who were given full discretionary powers in applying or refusing to apply any legislative enactment to these areas. The notification of the Government of India which conferred these discretionary powers provided that:—

1. "The Governor-in-Council may direct that any Act of the Provincial Legislature shall not apply to the tract, or shall apply subject to such exceptions or modifications as the Governor may think fit.

2. "The Legislative Assembly or the Provincial Legislature, when making laws solely applicable to the backward tract in question or any part of it, must insert a provision that the law shall come into force only on such date and subject to such exceptions or modifications as may be ordered by the Governor-General in Council or the Governor-in-Council as the case may be."

Besides, Section 52A(2) empowered the Governor-General in Council to direct that any All India Statute of general application should not apply, or should only apply subject to such modifications as the Governor-General may think fit, to any of these tracts.

The following were the "Backward Tracts" wholly excluded by the Reforms of 1919:—

In Madras—The Laccadive Islands and Minicoy.

In Bengal—The Chittagong Hill Tracts.

In Punjab—Spiti.

In Burma—All the backward tracts of the Province.

In Bihar and Orissa—Angul.

The "Partially Excluded Tracts" were the following:—

In Madras—The Agency Tracts.

In Bengal—Darjeeling.

In the Punjab—Lahaul.

In Bihar and Orissa—Chota Nagpur, Santal Parganas, and Sambalpur.

In Assam—All the backward tracts of the province.

All the backward tracts of the country together covered an area of 207,900 square miles and had a population of about 13 million persons.

The Simon Commission recommended the use of the term "Excluded Areas" instead of "Backward Tracts" and proposed that their administration should be transferred from Provincial Governments to the Government of India.

The White Paper which embodied the proposals for Indian Constitutional Reforms stated that "Excluded Areas" shall continue to be administered by the Governor in his sole discretion and that Ministers will have no constitutional right to advise him in connection with them.

The Joint Parliamentary Committee which examined the proposals of the White Paper observed:—

"It is proposed that the powers of a Provincial Legislature shall not extend to any part of the Province which is declared to be an "Excluded Area" or a "Partially Excluded Area." In relation to the former, the Governor will himself direct and control the administration; in the case of the latter he is declared to have a special responsibility. In neither case will any Act of the Provincial Legislature apply to the area, unless by direction of the Governor given at his discretion with any exceptions or modifications which he may think fit. The Governor will also be empowered at his discretion to make regulations having the force of law for the peace and good government of any "Excluded" or "Partially Excluded Area," but subject in this case to the prior consent of the Governor-General. We have already expressed our approval of the principle of "Excluded Areas," and we accept the above proposals as both necessary and reasonable so far as "Excluded Areas" proper are concerned. We think, however, that a distinction might well be drawn in this respect between "Excluded Areas" and "Partially Excluded Areas" and that the application of Acts to, or the framing of Regu-

lations for, "Partially Excluded Areas" is an executive act which might appropriately be performed by the Governor on the advice of his Ministers, the decision taken in each case being, of course, subject to the Governor's special responsibility for "Partially Excluded Areas," that is to say, being subject to his right to differ from the proposals of his Ministers if he thinks fit."

The Committee further recommended that as the administration of excluded areas was a matter which would be the exclusive responsibility of the Governor, the expenditure required for these areas, whether derived from Provincial or from Central revenues, should not be subject to the vote of the Legislature.

The Committee endorsed the White Paper proposal that the specification of the areas to be treated as excluded or partially excluded should be a matter to be prescribed by the Parliament and not by the Government of India.

In accordance with these recommendations Section 19 of the Governmnet of India Act (1935) provides that the King may at any time by Order-in-Council direct that any excluded area shall become a partially excluded area or that any partially excluded area shall cease to be so. He may also, if necessary, alter the boundaries of such areas and declare any territory not previously included in any Province to be, or to form part of, an excluded area or a partially excluded area. Section 92 of the Act provides that no Act of the Federal Legislature or of the Provincial Legislature, shall apply to an excluded area or a partially excluded area, unless the Governor by public notification so directs and the Governor in giving such a direction may specify that the Act in its application to the area shall be subject to such exceptions or modifications as he thinks fit.

Under these provisions of the Government of India Act (1935) a draft Order-in-Council published in January 1936, provided for a considerable increase in the totally and partially excluded areas bringing the former to 8 and the latter to 28, and involving altogether nearly half of the aboriginal population of India.

To sum up, under the new Constitution there will be 8 totally excluded and 28 partially excluded areas, having in all a population of about 15 millions. The administration of

the totally excluded tracts will be directed and controlled by the Governor himself, while for the administration of partially excluded tracts the Governor will have a special responsibility, that is, he will seek the advice of his Ministers but will have the right to differ from and over-rule the proposals of his Ministers if he thinks it necessary. No Legislative enactment whether of the Federation or of the Province will apply to an excluded or partially excluded area unless the Governor so directs by a notification. The Governor will also have the complete authority to make any laws and regulations for such areas and also to repeal and amend any Federal or Provincial laws which may be for the time being applicable to these areas. In all matters concerning any such areas the Governor will act entirely in his direction and the validity of anything done by the Governor shall not be called in question on any ground whatever. The expenditure for these areas will not be sanctioned by the Legislature.

The main argument employed by the Government of India in justification of the policy of excluding large tracts from the normal administration of the country is that the elaborate system of law and legal procedure which prevails in the more advanced areas cannot be comprehended by backward tribes, and is not suited to their cultural level. It is argued that the British Indian system of administration will bring about a complete breakdown of the primitive communal organisations and will sap the economic and moral life of these tribes. The application of alien laws would throw these straightforward, truthful and honest primitives into the clutches of exploiters coming from the more advanced territories, and by disturbing the tribal customs would create such conflicts and conflagrations in these areas as would involve the Government in serious difficulties. It is therefore, considered best to allow these primitive communities to live in their age-long isolation. As Mr. Hutton Superintendent of the Census of 1931, observes "A tribe living in comparative isolation will usually be found to have developed an adaptation to its environment which within certain limits approaches perfection, an adaptation which may have taken many millennia to accomplish, and the breakdown of which may be the ruin of the tribe, for it is

likely to proceed at a far greater rate than either the gradual change in physical environment or than the still slower process of adaptation to that change." Mr. Hutton goes on to describe the harmful consequences of bringing the tribal people within the sphere of civilised administration and observes "In the alternative they may retain a sort of emasculated tribal life, deprived of the customs and festivals that gave it meaning and cohesion and fall into that physical apathy and physical decline which has decimated so many tribal communities in the Pacific and elsewhere; and this decline is accelerated in another way by the opening up of communications. Many new diseases are imported against which no immunity has been evolved. Since they did not form part of the environment to which the tribe is adapted and the result is a staggering mortality from which there may be no recovery..... The Durbar of a State known to the writer vetoed the advent of rail communications on the ground that railways were an evil: they only brought in dirt, disease, crime and strangers, and the state was better without—a judgment in which we may find very much indeed to commend." Hutton adds "Education in itself is a doubtful blessing in so far as it is apt to unfit them for their environment..... the real problem would appear to be to create self-governing tribal areas with free power of self-determination in regard to surrounding or adjacent provincial units."

These arguments are a straightforward expression of the essentially reactionary nature of British rule in India. That the lives of the tribal people of the country are, to say the least, as short and brutish today as they were when over 150 years ago, the British assumed political power over them is one of the strongest condemnations of the present system of Government. This is one of the manifold aspects of the imperialist policy of curbing systematically the material and moral progress of the country. Nearly 15 million inhabitants of India have been preserved in a state of semi-barbarism, denied education, medical facilities and other amenities of civilised life so that they may never develop a consciousness of their political and economic rights and learn to struggle in an organised and systematic manner against their innumerable wrongs. Who could be an easier victim of

imperialist designs than these backward people, helpless before the physical prowess of their foreign rulers. British Imperialism divides to rule. It has not only attempted to foster and perpetuate communal differences but has also divided the entire territory of the country in such a way as to confine the operation of democratic forces within as narrow limits as possible. One-third of India has been entrusted to feudal princes who are openly supported by the Government in maintaining their autocratic rule and in denying their subjects even the most elementary democratic rights. The new Constitution, now enlarges the excluded areas and secures that they shall remain in every respect unaffected by the social and political forces at work in other parts of the country.

The argument that the primitive people would be best off if allowed to remain in their natural isolation under the protective arm of British law is a pretence to hide the innumerable economic wrongs which are inflicted on these people by British administration. Interference with the tribal life and custom there is but only such interference as degrades and impoverishes the tribes. Special forest and game laws, land laws, excise laws and a number of other enactments are hitting at the very root of the economic life of these people, virtually reducing them to the position of chattel slaves or serfs of big landowners, tea planters and other European adventurers.

The Zemindari system of land tenure has been introduced in very large parts of these areas and where this system does not prevail, the Government does not deal directly with cultivators but with a variety of middlemen whom it has created—revenue contractors, headmen etc. —who being vested with extensive powers extort the utmost as land revenue from the tillers of the soil.

Mr. Hutton writing about the system of land tenure in the tribal areas recognises that, "the tribal custom is normally superseded by a code which is neither valued nor understood by the tribe and in the application of which the tribe is deprived of its property, generally in the name of law, either by alienation to foreigners or by transforming the trusteeship of a tribal chief into absolute ownership of a kind quite foreign to the custom of the tribe. This has

befallen both the Mundas for instances and the hill tribes of Chittagong, to mention two instances, while even in Rajputana a somewhat similar process has been at work." He further quotes an authority who is conversant with the people and conditions in the Rajputana Agency, "what has happened in Rajputana in the last century is a complete departure from the ancient relationship of peasant and chief, where the chief has become securely established in rights that were not his a hundred years ago and the peasant has been deprived both of rights and responsibilities. It would not have been difficult to establish universal franchise a century ago; as a matter of fact it was exercised and is still exercised in inaccessible places without being labelled. To-day it would be so difficult as to make it an almost impossible task to make the peasant withdraw his watchful gaze from his landlord's activities, just within the borders of the law, long enough to exercise an intelligent vote, let alone a responsible one..... In the century the operation of British law and its influence has set up the ruling chiefs in a security, authority and prestige that never appertained to their position in earlier times and..... the peasant has been deprived of just so much as has been accrued to the other..... Progressively, and at an accelerated pace since Lord Minto's commencement of the policy of non-interference, the common people have been deprived both of authority and responsibility. The British idea of law and application of it has made this process easy and apparently natural." In many areas no special protection is given by law to tenants and even where tenancy laws have been passed, they are allowed to exist merely on paper. Thus for example the special tenancy laws of Chota Nagpur, the Santal Parganas, Sambhalpur and Angul have become ineffective. In all these areas the big landlords are as powerful and oppressive as elsewhere.

In several parts, large estates have been granted at nominal prices mostly to Europeans for tea plantation. In Darjeeling and other areas where plantations have developed, the tribes having been dispossessed of their lands are obliged to work on plantations on starvation wages. Innumerable other hardships in the form of long hours, extremely bad housing conditions, cruel and unsympathetic treatment,

prohibition of organisation of trade unions etc., are inflicted on them by the planters and their agents. Women and children work along with men and the total earnings of a family are not enough to give it more than an extremely meagre living.

Forest laws are a standing grievance in most of the tribal areas. Forests which were regarded by the tribes as their common property have been made Unclassed State Forests where it is a punishable offence to exercise what the tribes regard as their inalienable right. These State Forests are at the absolute disposal of the Government and any person possessing land in them can be deprived of his land without any compensation. This grievance is acutest in the tribal areas of Assam where recent regulation prevents a person from quarrying stone for his own use on his own jhum land unless he pays Rs. 10 a month or Rs. 100 a year as a permit fee, on the ground that the land belongs to Unclassed State Forests, although actually that land may have belonged to that person's family for generations. In Madras Agency Tracts cultivation has been totally prohibited on jhum lands situated in what are declared as State Forests. The tribes of the Central Provinces are similarly prohibited from cultivating forest land which they have since time immemorial considered to be their common tribal property, and are obliged to cultivate under the land settlement system which subjects them to the revenue extortions of landlords and government officials.

Excise laws are also a source of great hardship. The Government monopoly of salt and the prohibition of distilling weighs heavily on these poverty stricken people who are now obliged to buy what they have always in the past manufactured at home. Licenses for the sale of liquor are granted by the Government to outsiders who exploit to the full their monopoly position. The Government derives a fairly good revenue from excise in these areas.

Game laws are no less oppressive in several parts where prohibition of killing certain animals or restrictions regarding game seasonal deprive the tribes of some very necessary parts of their diet for long periods in the year.

The system of administration in all tribal areas is highly authoritative and autocratic. Many of these areas which

are frontier tracts, are kept under a form of military occupation. All executive and judicial powers are concentrated in the hands of a few government officials, usually headed by a Deputy Commissioner who is vested with almost dictatorial authority in all matters. In most cases he is the District Magistrate as well as the Sessions Judge and also the highest Executive Officer. The Provincial High Courts do not exercise any jurisdiction over these tracts. The appeal from the Deputy Commissioner's Court lies to the Commissioner of the Division in which the area is situated. The Police force is in many cases hardly distinguishable from a military detachment. It is fully armed and enforces law and order ruthlessly. The penalties for the violation of excise and forest laws are no less severe. The administration of justice is crude and speedy. Middlemen between the Magistrate and the accused—vakils, mukhtars etc.—are usually discouraged by the officials who being all powerful are checked, neither by public opinion nor by administrative control, from acting in an extremely high-handed manner. Severe punishments and repression are defended by the officials on the pretence that the tribal people are warlike who cannot be kept under control without strong and drastic measures, and the law by concentrating all authority, executive, judicial and to a considerable extent even legislative, in the hands of a few officials provides for such measures.

Meagre as is the percentage of literates in British India, in the excluded areas it is very much smaller. The Simon Commission recog- ing that the progress made in education in the backward areas was even less than that made among depressed classes all over India observed "It is clear from the Committee's Review that the main reason for this is the adoption by provincial Governments of a scheme of grants to local authorities proportionate to the sums set aside for education by the local authorities themselves, without any provision, except in Bihar and Punjab, for the grading of districts according to their financial resources. Thus, backward areas, which might be supposed to need most assistance from their provincial Government, receive in most cases, owing to their own poverty, less help from this quarter than wealthier districts. Nor is this state of affairs likely to be

remedied without an extension of the principle of grading." But it is noteworthy that even where the system of grading has been adopted, as for example, in Bihar, the conditions are no better. In a memorandum submitted to the Statutory Commission, the Government of Bihar and Orissa stated that in the matter of education the aboriginals of that province "as a whole are relatively to the general population in a worse position than they were in 1921."

Local self-government in these areas is almost non-existent. Very large tracts are outside the jurisdiction of District Boards and Municipalities, with the result that the construction of public roads, bridges etc. are grossly neglected. Only such development of Public Works is allowed as ministers to the requirements of the administrative machinery. Wherever the partially excluded areas are allowed to send members to District Boards, the representation given to the tribal people is extremely meagre, their representatives being in most cases nominated by the officials.

Economic oppression has compelled tribal areas to burst out from time to time into spontaneous revolts. To quote a few examples, the forest laws among the Koyas in the Rakapalli Taluk in East Godavari Agency resulted in the Rampa Rebellion of 1879. Another factor responsible for this rebellion was the excise policy of the Government of Madras which compelled the Muttahdars to pay fees called 'Chigurupannu' for the right to tap toddy and besides threatened to levy an additional tax called "Modalupannu" at the rate of one-half or two-thirds of the 'Chigurupannu.' To these factors was added the standing grievances about police high-handedness. The people complained "that the constables were extorting fowls; and that as they could not live, they might as well kill the constables and die."[1] The Santal Rebellion of 1855 which is still remembered in the Santal Parganas was caused by the oppression of money-lenders. Traders and money-lenders were the main victims of popular fury. The Ranchi agrarian unrest which continued for a period of 20 years, from 1880 to 1900 was entirely due to the compulsory labour exacted by the landlords from the aboriginal

[1] G. O. No. 109 Judicial, dated January 16, 1880, p. 10, quoted in the *District Gazetteer*, Chap. XV.

cultivators. The situation was aggravated by the enhancement of rents. These and many other revolts sprang from economic grievances which are no less acute and wide-spread today than they have ever been since the introduction of British administration in these areas.

EXCLUDED AREAS

In accordance with the final recommendations of the Government of India, the following areas shall be treated as totally or partially excluded under the new Constitution.

1. MADRAS PRESIDENCY—

(1) The Laccadive (including Minicoy) and Amindivi Islands have been totally excluded.

(2) The Ganjam, Vizagapatam, and East Godavari Agencies have been declared to be partially excluded.

Of the above areas the whole of the Ganjam Agency and a part of the Vizagapatam Agency have now been transferred to the new Province of Orissa.

The Laccadive (including Minicoy) and Amindivi Islands:—The Laccadive Islands and Minicoy are at a distance of about 200 miles from the Malabar Coast. They cover an area of about 10 square miles and their tribal inhabitants are approximately 16,040 in number who are subject to an administration "patriarchal in character, the chief representative of the Government being an officer styled 'Monigar' whose court has the sanction of Custom, Usage and unquestioned authority." The two areas are under the direct control of the Governor-in-Council of Madras and have been administered as a "Backward Tract" under the Scheduled Districts Act and a Regulation of 1912.

The Madras Agency Area:—The Madras Agency Area is constituted by the hilly tracts in Ganjam, Vizagapatam and Godavari Districts. The Ganjam and Vizagapatam Agencies owe their origin to the Ganjam and Vizagapatam Act, 1839 which provided that "the operation of the rules for the administration of civil and criminal justice as well as those for the collection of the revenue, shall cease to have effect," and that "the administration of civil and criminal justice (including the superintendence of the police and the collection and superintendence of the revenues of every description within the tracts of the country specified shall be vested in the Collector of Vizagapatam and shall be exercised by him

as Agent to the Governor of Fort St. George." The Act empowered the Government of Madras to make such rules as they consider proper for the guidance of the Agent. At present the Collectors of Ganjam and Vizagapatam Districts acting in their capacity as Agents to the Governor of Madras carry on the administration of these areas.

The Godavari Agency which was constituted in 1879 under the Scheduled Districts Act of 1874 is a mountainous tract of the East Godavari Districts consisting of the following areas:—

(1) *Bhadrachalam and Rekapalli Taluks*:—These areas once belonging to the Central Provinces were added to the Godavari Agency in 1879.

(2) *Dutcharti and Guditeru Muttahs*:—These parts originally of the Vizagapatam Agency were included in the Godavari Agency in 1881.

(3) *11 petty villages of the Yernagudem Taluk and some of the villages owned by the Munsab of Jaddangi*:—They were at one time plain areas of the Godavari District. But in 1833, they were brought under the Godavari Agency.

(4) *62 villages of the Yernagudem, Rajahmundry and Peddapuram Taluks*:—Like the former villages, these too were transferred from the district of Godavari to the agency area in 1891.

(5) *Nugur, Albaka, and Cherla Taluks*:—These areas of the Central Provinces became the agency tracts of Godavari in 1909.

The Madras Government recommended that with the exception of 25 villages in Polavaram Taluk the whole of the East Godavari be declared partially excluded. They were of the opinion that the villages recommended for exemption were very much like those of the plains and were inhabited neither by aborigines nor by specially backward communities. Some villages of the Prathipadu Sub-Taluk on the border of the agency which were already administered in accordance with ordinary laws were also considered to be normal and therefore not included in the agency.

2. BENGAL—The final recommendations of the Government of India with regard to excluded and partially excluded areas in the Bengal Presidency were as follows:—

(1) The Chittagong Hill Tract should be an excluded

area and the Darjeeling District a partially excluded area in agreement with the Local Government's recommendations.

(2) The Sherpur and Susang Parganas of the Mymensingh District should be a partially excluded area in accordance with Mr. Cadogan's amendment.

The Chittagong Hill Tract:—This area lies at the South-Eastern extremity of the Bengal Presidency. The whole tract covers about 5,000 square miles. Of the total population of 213,000 persons, 155,500 are aborigines. Till 1860, the British Government had hardly any influence over the tribes. In that year an official called the Superintendent of the Hill Tribes was appointed to the charge of the Chittagong Hill Tract. In 1867, the designation of this official was changed to Deputy Commissioner of the Hill Tracts and he was vested with full control over the administration of the area. According to Section 52A of the Government of India Act of 1919 this tract was declared to be a 'Backward Tract' in 1921. The Courts in the tract are not Subordinate to the High Court; the Deputy Commissioner's Court is the Chief Court of the District and the Court of the Commissioner of Chittagong the Supreme Court. Land revenue is administered under Special Regulation I of 1900 and the rules made thereunder.

The Darjeeling District:—This area covering 1164 square miles lies on the borders of Nepal and Sikkim. The population of the District is 319,600 of whom nearly 38,000 or 11.9 per cent are aborigines. It is governed by special acts and regulations. Strictly speaking, it cannot be called a backward area. The aborigines are becoming labourers on tea plantations in large numbers and consequently their tribal characteristics are fast disappearing.

Mymensingh District:—Sherpur and Susang Parganas in this district are partially excluded. They are situated to the South of the Garho Hills of Assam which are also partially excluded.

3. BEHAR AND ORISSA—The final recommendations of the Government of India after hearing the views of the Provincial Government of Behar and Orissa were:—

(1) No part of the Behar and Orissa province should be entirely excluded.

(2) The following areas in Behar and Orissa should be

treated as partially excluded—

(*a*) the District of Angul (Orissa);
(*b*) the Chota Nagpur Division (Behar);
(*c*) the District of Sambalpur (Orissa);
(*d*) the Santal Parganas District (Behar).

Angul:—The District of Angul which lies amidst the Feudatory States of Orissa is a mountainous tract and 74 per cent of its population is composed of aboriginal tribes. It covers an area of 1681 square miles. It was not an excluded area till the passing of the Scheduled Districts Act in 1874. The Government of Behar and Orissa recommended in 1918 that the Angul tract along with the Santal Parganas should be kept outside the scope of the Reforms and should be administered by the Governor-in-Council.

Chota Nagpur:—The Chota Nagpur plateau in Behar forms a part of "Jarkhand," a highly inaccessible hilly tract. It is constituted by the Districts of Ranchi, Palamau, Hazaribagh, Singhbhum and Manbhum. The tribes known as Mundas, Oraons, Kharias, Hos, Santals, Bhumijs constitute 58 per cent of the total population.

Ranchi is the most aboriginal of all the Chota Nagpur districts. Nearly 280,000 aboriginals of Ranchi have been converted to Christianity by different foreign Missions.

In Palamau District 49 per cent of the total population belongs to aboriginal tribes. Nearly one-sixth of this area is cultivated and the landlords exercise absolute control over their aboriginal tenants.

Hazaribagh District is inhabited by aboriginal tribes who form 34 per cent of the whole population. More than two-thirds of this district has remained uncultivated and half of the total area is uncultivable.

Special mention must be made here of Kamiauti, a kind of serfdom prevalent in the north of the Hazaribagh District and in Palmau District of Chota Nagpur. In his final report of the survey and settlement operations in the Hazaribagh District (1908 to 1915), Mr. J. D. Sifton, I. C. S., describes the serfdom of the Kamias thus: "Kamias are bound servants of their masters; in return for a loan received, they bind themselves to perform whatever menial services are required of them in lieu of the interest due on the loan..... In practice, the system leads to absolute degradation of the

Kamias. In the first place, the Kamia cannot bargain about his wages; he must accept the wage that is customary for landlords to give to his class. The wages represent only one-third of the day's wage for free labour hired, for example, by a contractor for road repair work..... The Kamia never sees any money unless it be the occasional few pice he may earn in his spare time. Consequently, he has no chance of ever repaying the principal of his debt and becoming a free man again. A Kamiauti bond therefore involves a life sentence.

"The condition becomes hereditary. Although the son is not responsible for his father's debt after his death, a new debt is always contracted on behalf of the son on occasion of his marriage, which renders him also a Kamia for life. Daily work is not guaranteed by the master, and no food is supplied when there is no work to be done. The result is that the master takes the Kamia's labour at a sweated wage for most of the year, but at a time when there is no agricultural work to be done and the Kamia has least chance of getting any daily employment. Elsewhere, he is left to shift for himself as best he can. He is even free to get work whenever he can, but cannot leave his village for any time in search of it for fear that he might abscond. Actually, he is reduced to earning the most miserable existence by collecting fuel and grass for sale. The restriction of his movements renders the Kamia nothing better than a slave. An absconding Kamia is unable to find an asylum in any part of the area where the system is prevalent."

The District of Singhbhum can be split up into three parts:—

(1) *The Kolham*:—It is a Government estate inhabited by the aboriginal race known as Ho speaking the Ho language. Here the protection afforded to the Hos by the Government is of doubtful value. It depends largely not on legal sanctions but on the personal influence of the Deputy Commissioner who is again guided by the Governor-in-Council.

(2) *Porahat*:—This area is inhabited by primitive races like Ho and Munda as well as by some semi-Hinduized communities.

(3) *Dhalbhum*:—This tract is occupied by the Bhumij tribe. The Santals also have immigrated to this area and are

gradually settling down there.

Manbhum District consists of two principal areas. The Jharia coal fields area and the remaining tract. The latter is inhabited by the aboriginal tribes. Cultivation has improved a great deal in this district, the present proportion of tillage being 60 per cent of the whole area.

The representation of the aborigines in the local Legislative Council has been very meagre, which may be seen from the following table:—

Name of the division	*Percentage of aboriginal electors*	*Percentage of aboriginals in the population*
(1)	(2)	(3)
North Santal Parganas ..	33	51
South Santal Parganas ..	33	
North Manbhum ..	29½	52
South Manbhum ..	52	
Hazaribagh ..	12	34
Ranchi ..	66	80
Palamau ..	20	49
Singhbhum ..	63	76
Sambalpur ..	7½	38

It is clear from the above that only the aborigines of South Manbhum, Ranchi and Singhbhum constituencies have been in a position to return their own candidates to the Legislative Council. In six out of the nine constituencies, big landed interests have been given the majority of seats.

The representation of the aborigines in the District Boards is also unsatisfactory. There is not even one aboriginal on the Manbhum District Board though there are 22 high caste Hindus out of the 26 elected members. In the Hazaribagh District Board also there is not a single aboriginal member while there are 12 high caste Hindus and 4 money-lenders or landlords of other Hindu castes. In Palamau District, all the 18 elected members of the District Board are high caste Hindus except one who is a bania.

Special laws operating in the Chota Nagpur invests the Deputy Commissioner and his subordinates with extraordinary powers of Criminal and Civil Jurisdiction which are not granted to District Magistrates in ordinary districts. In the

Kolham Government estate inhabited by the Hos, the Civil Procedure Code is not in force; there, a set of simple rules of procedure like the Santal Civil Rules are enforced. Group headmen known as Mankis look after the police work and investigate into criminal offences, though in serious cases the services of police officers are requisitioned. A special officer under the guidance of the Deputy Commissioner administers the Kolham tract.

Sambalpur:—The district of Sambalpur which covers an area of 3773 square miles was taken over by the Behar Government in 1905 from the Central Provinces. Within the hilly tract of this district lie the three scheduled Zamindaris of Bara Sambal, Kolebara and Rampur. The central portion of this district is gradually improving though a very large area is still covered with jungle. It has a special District Council in which 15 of the 20 members are elected, 13 by the Local Boards and 2 by the mercantile classes. Of the 4 Local Boards, 2 have elected representatives of village headmen and the trading classes while the other 2 are formed by big landowners. The executive of the District Council is no doubt an elected one but it has to function with the sanctions of the Government. The local bodies are controlled by landholders and the ordinary cultivator has no say in the administration.

The Santal Parganas:—The district of Santal Parganas which covers 5470 square miles was excluded from the scope of general laws and regulations as early as 1855. In 1918 the Behar and Orissa Government supported the exclusion of these parganas from the scheme of Reforms; and this was agreed to by the Government of India. The Santal Parganas are inhabited by Santals, a race forming 38 per cent of the total population of the tract. The Santals practise primitive methods of cultivation similar to those of the hill tribes in Chittagong and the Koyas of Madras. Their indigenous tribal institutions still maintain the supreme authority of the village Headman. The Santal Parganas have a purely nominated District Board.

4. ASSAM—The Government of India in their final recommendations proposed the following as excluded and partially excluded areas in Assam.

PART I—*Excluded*

	Area in sq. miles	*Population*
Balipara Frontier Tract ..	560	5,148
Sadiya Frontier Tract ..	3,200	53,345
Lakhimpur Frontier Tract ..	394	4,338
Naga Hills District ..	4,293	178,844
Lushai Hills District ..	8,092	114,404
North Cachar Hills ..	1,890	32,844
TOTAL	18,429	388,923

PART II—*Partially Excluded*

	Area in sq. miles	*Population*
The Garo Hills District ..	3,152	190,911
The Mikir Hills ..	4,387	133,216
The British portions of the Khasi and Jaintia Hills excluding the Shillong Municipality and Cantonment ..	2,445	109,926
TOTAL	9,984	434,053

Balipara, Sadiya and Lakhimpur Frontier Tracts:—These are mainly frontier areas inhabited by primitive tribes. Balipara has no definite outer boundaries though it stretches even to Bhutan and Tibet. Sadiya is different from other frontier areas in so far as it has a heterogeneous population claiming relationship with the inhabitants of widely separated tracts of an unadministered country. Lakhimpur is populated chiefly by Naga Tribes.

Naga Hills Tract:—The Nagas occupying this area are of Indonesian Stock closely akin to the Pagans of Malaya, Borneo, the Philippine Islands and the Indian Archipelago.

Lushai Hills District:—The Lushais of this area have sprung from the Kuky family which is racially connected with Chins and Kachins of Western and North-Western Burma. They are of Mangolian origin and have absolutely

no connection with the Bengalees or Assamees. It is said that they have remained quite uninfluenced by Hinduism or Islam.

The Garo Hills District:—The Garo Hills were formerly populated by animistic tribes which are now being increasingly converted to Christianity. They have racial connections with the Koch, Rabha and Kachari tribes of the plains now mostly Hinduised.

Khashi and Jaintia Hills:—The Khasis have close connections with the tribes inhabiting the hilly tracts of Indo-China and Yunam. The tribes in the Jaintia Hills are much richer and better educated than those living in other hill districts. It may be interesting to note that several of them pay income-tax.

5. THE UNITED PROVINCES—Under the provisions of Section 52(A) of the Government of India Act, 1919, there was no backward tract in the United Provinces. Even the Draft Sixth Schedule recommended no part of the United Provinces either for exclusion or for partial exclusion. But Mr. Cadagon's amendment proposed that Almora and Garhwal Districts should be treated as excluded areas. The Deputy Commissioner of Almora whose opinion was invited could not accept the suggestion. The Government of India investigated the matter and finally recommended that no special treatment under Section 91 was required for the inhabitants of the area in question and that even the Garhwal District had passed the stage of exclusion. The Government of India similarly agreed that the Nainital District should not be excluded.

The Jaunsar-Bawar Pargana of the Dehradun District was however recommended for being a partially excluded area by the Local Government as well as by the Government of India.

The Mirzapur District has another partially excluded area, namely that portion of the district South of the Kaimur range which is the abode of the hill tribes of Kolarian origin. The Government of India endorsed the views of the Deputy Commissioner and the Local Government that this tract may be treated as a partially excluded area.

Summing up the final recommendations of the Govern-

ment of India for the United Provinces, we have the following partially excluded areas.

	Area in sq. miles	*Population*
(1) Jaunsar-Bawar Pargana in the Dehradun District ..	483	56,000
(2) The portion South of the Kaimur range in the Mirzapur District ..	1,767	146,000
TOTAL	2,250	202,000

It is estimated that 53,600 persons out of the total population of 56,000 in Jaunsar-Bawar Pargana are aborigines. The aboriginals living to the South of the Kaimur range in the Mirzapur District are approximately 90,000 in number.

6. THE PUNJAB—Though there are no aboriginal tribes in the Punjab, Spiti and Lahaul were recommended for exclusion.

Spiti and Lahaul belong to the Kangra District. Lahaul having an area of 1,764 sq. miles is on the North-East of Kulu. It has a population of 8,000. The people are Tibetan rather than Indian in stock.

Spiti covering an area of 2,931 sq. miles and lying along the eastern boundary of Lahaul has a population of 3,700. Here also the people are racially Tibetan and Budhist in religion.

The local administration of Spiti and Lahaul is still patriarchal.

7. THE NORTH-WEST FRONTIER PROVINCE—The North-West Frontier Province has no aboriginal tribes. Nonetheless, the Upper Tanawal in the Hazara District of this province was recommended by the Government of India for exclusion. The area technically belongs to British India; but the Chief of Amb and the Khan of Phulera being hereditary chiefs and possessing a peculiar status and jurisdiction, the tract is treated in a special manner.

8. BOMBAY—The Government of India recommended no area for complete exclusion in the Bombay Presidency, though there are many areas which are partially excluded, a list of which is given below:—

(1) the Nawapur, Taloda (including the Mewasi estates and the Akrani Mahal) Nandurbar and Shahada talukas of the West Khandesh District;

(2) the Satpura Hills reserved forest areas of the East Khandesh District;

(3) Peint Mahal and the Kalwan taluka of the Nasik District;

(4) Mokhada Peta, Umbergaon Peta, and the Dahanu and Shahapur talukas of the Thana District;

(5) the Dohad taluka and Jhalod Mahal of the Panch Mahals District.

The West Khandesh District:—The area has a very large Bhil population, which is concentrated mainly in the Nawapur, Taloda, Nandurbar, and Shahada talukas and in the Mewasi estates. In the 1921 census a broad classification of "Backward" peoples was made, which showed how thickly the above mentioned areas are inhabited by Bhils and other backward peoples.

Taluka	*Total*	*Backward*
Nawapur	63,310	62,043
Taloda (excluding Mewasi estates)	51,181	38,344
Mewasi estates	28,582	24,817
Nandurbar	78,705	42,911
Shahada	69,440	32,468
TOTAL	291,218	200,583

East Khandesh District:—Over 50,000 aboriginals inhabit the East Khandesh District.

Nasik District:—This district lying along the Eastern edge of the Western Ghats has a large primitive population numbering nearly 200,000. The Kalwan taluka alone has an aboriginal population of about 34,000.

Thana District:—This area touches the Ghats on the West. Here there is an aboriginal population of over 200,000 excluding the Kolis. The Mokhadapeta is a strip of backward area lying between Jawhar State on the West and a very hilly tract of the Nasik District on the East. The Dahanu taluka is inhabited by a large number of Varlis, a primitive

tribe while Shahapur taluka is the stronghold of the Thakurs.

The Panch Mahals Districts—31 per cent of the total population of this district is composed of aboriginal people who are mainly concentrated in the talukas of Dohad and Jhalod.

9. THE CENTRAL PROVINCES AND BERAR—The Government of India recommended that in the Central Provinces and Berar there should be no totally excluded areas but the following should be considered as partially excluded:—

(1) the Ahiri zamindari and the zamindaris of the Garchiroli tehsil of the Chanda District;

(2) the Chhindwara jagirdaris of the Chhindwara District;

(3) the Mandla District;

(4) the Satgarh in the Bilaspur District and in the same district the Padampur tract for transfer to Orissa;

(5) the Aundhi, Koracha, Panabaras and Ambagarh Chowki zamindaris of the Drug District;

(6) the Baihar tehsil of the Balaghat District;

(7) the Melghat in the Amraoti District of Berar;

(8) the Khariar estate in the Raipur District for transfer to Orissa; and

(9) the Bhainsdehi tehsil of the Betul District.

The Chanda District:—

(*a*) *The Ahiri Zamindari*:—This area has a population of 40,450 of whom 30,294 or 74.9 per cent are aborigines.

(*b*) *The Garchiroli Tehsil*:—This tract has a population of 170,090 of whom 61,957 or 36.2 per cent belong to the aboriginal tribes. There are 15,573 very backward Marias in Garchiroli.

The Chhindwara District:—The tract known as the Chhindwara Jagirdaris covers an area of 1,600 sq. miles. It has a population of 77,491 of whom 59,067 or 66.2 per cent are aborigines. The density of the total population in this tract is 48 per sq. mile. Gonds, Mowasis, Korkus are some of the important primitive tribes inhabiting this area.

The Mandla District:—The aborigines of this district are still in the pastoral stage although they are also engaged in agriculture. Some of them find employment as labourers in the Public Works and Forest Departments.

The greatest weakness in the economic life of these as of most of the tribes elsewhere is the absence of subsidiary occupations. There are no tailors, blacksmiths, weavers, carpenters or goldsmiths among them. Ropes are made for domestic use and not for sale. They do not prepare even baskets for the market. Shop-keeping as a profession is unknown to them. Transport is in the hands of non-aborigines, who own almost all the carts in the area.

The Bilaspur District:—The Satgarh or the seven zamindaris of the Bilaspur District is a compact area of 3,549 sq. miles. The tract is constituted by the zamindaris of Pendra, Kenda, Matin, Lapha, Uprora, Chhuri and Korba. Separate census statistics for each of these divisions are not available, but the population of Pendra and Kenda is 119,771 of whom 68,218 or 57 per cent belong to aboriginal tribes.

The principal tribes inhabiting the Satgarh tract are Gonds, Kanwar, Panka, Binjwar, Bhaina, Ganda, Dhanuhar, Majhwar, Pal, Khol, Khairwar, Bhumia, Binjhia, Oraon and a few minor tribes. They form more than 75 per cent of the total population in the seven zamindaris.

The Drug District:—The area has a total population of 817,924 persons of whom there are 115,362 Gonds, 55,347 Halbas and 6,124 Kawars. Including all the other primitive tribes the total aboriginal population of the district is 179,154.

The Balaghat District:—The Baihar tehsil of this district has a population of 99,092 of whom 55,340 or 55.8 per cent are aborigines.

The Amraoti District:—The mountainous tract in the North of this district is known as Melghat. It is populated by 47,847 persons of whom 33,909 or 70.8 per cent belong to the primitive races. Of these, 30,273 are Korkus.

The Raipur District:—The Khariar estate is the largest and most important zamindari of the Raipur District and has a big aboriginal population.

The Betul District:—According to the latest census figures, the Bhainsdehi tehsil has 26,000 Gonds and 23,000 Korkus.

goods was fixed at 50 per cent. India promised to import 325 million yards per year from Japan, in return for which Japan agreed to buy at least one million bales of raw cotton from India. The Cotton Textile Act of 1934 embodied the terms of the Mody-Lees Pact and the Indo-Japanese Agreement.

Thus, the main feature of the post-War tariff policy has been the granting of limited protection to certain important industries, and the introduction of the principle of Imperial Preference. The Ottawa Pact and other measures, which have given special concessions to British goods, have been subjected to severe criticism in India. In the first place, the reciprocity has been far from satisfactory as the preferences granted by the United Kingdom have not brought any special advantages to India. India already enjoyed the preference on tea, which had been granted long ago in the interest of British consumers and British tea planters, while jute is a monopoly product of India, preference on which is of no great value. The worst feature of an Imperial Preference tariff is, that it is likely to damage India's export trade with non-Empire countries which absorb a much larger percentage of Indian exports than either Great Britain or the other Empire countries. In 1933, of the total Indian exports valued at Rs. 146.3 crores, goods worth Rs. 46.6 crores were taken by the United Kingdom, Rs. 67.6 crores by the whole of the Empire and Rs. 78.7 crores by non-Empire countries. Later figures indicate that British imports into India are increasing at a much greater rate than Indian exports to the United Kingdom. As Prof. Brij Narain says "Preference would be of the greatest value to us, if while the British demand for our principal exports increased, the demand of foreign countries did not fall. Preference is of doubtful value to us, because (1) no hope can be entertained of any considerable expansion of our principal exports to the United Kingdom, and because with the limitation of imports from foreign countries into India, their

demand for Indian exports must shrink." Cotton, jute and jute manufactures, tea and food grains, constitute the great bulk of Indian exports and none of these commodities is likely to be benefited by an Imperial Preference tariff. The United Kingdom will never be able to take the place of Japan as a consumer of Indian cotton. Unfortunately in recent years, due to heavy duties on Japanese goods in India, Japan has begun using more of American cotton. If this tendency continues for a number of years, without any corresponding increase in the export of Indian cotton to Great Britain, the Indian cotton growers will be hit very severely. Nor is there any hope of increasing the export of Indian wheat and other food grains to Great Britain, the principal buyers of these commodities being other foreign countries. As Brij Narain observes "We have embarked on that policy at a time, when the conditions and requirements of foreign countries are less stable, and when our position as an exporter is weaker than before. The tendency of scientific research and economic progress in recent years has been to render foreign countries less dependent on us for the supply of primary products. We are more vulnerable now than 30 years ago, and the power of foreign countries to retaliate has increased."

That Imperial Preference has produced no favourable effect on the Indian trade can be seen from the decline in Indian exports in recent years. While both imports and exports have declined, the fall in exports has been heavier. As compared with 1924-25 exports fell by 66% in 1932-33 while imports fell by only 46%; in 1933-34 exports were lower by 62% while imports by 53%. Exports increased by about Rs. 5 crores in 1934-35, as compared with the preceding year, but the imports increased by no less than Rs. 17 crores. There is no doubt, that the Empire free trade agreements do seriously limit the expansion of Indian trade to foreign non-Empire countries.

of these "Excluded" and "Partially Excluded Areas" is intended to leave a larger control of disposition and exploitation of the mineral and forest wealth in those areas and keep the inhabitants of those areas apart from the rest of India for their easier exploitation and suppression.

"This Congress holds that the same level of democratic and self-governing institutions should be applicable to all parts of India without any distinction."

It is now necessary to build up a strong agitation in the country against the exclusion of these areas, on the basis of the Congress resolution. Both inside and outside the legislature, Congressmen and all other anti-imperialist elements must raise a strong demand that the legislative barriers which separate the excluded areas from the rest of India should be broken down; that the excluded areas should be brought within the scope of civilized administration; that all repressive laws and such enactments as overburden the tribal people with undue taxation should be repealed; that the land system should be revised in the direction of giving special protection and greater rights to tenants; that provision should be made for the material development of these areas by greater expenditure on public works; that adequate facilities should be provided for free education and medical aid; that modern representative institutions should be introduced and encouraged in these tracts; in short that they should be allowed to become in every sense an organic part of the more developed areas which surround them.

And when this country is a free land, unfettered by even the vestigial remnants of the past, the so-called aboriginal races will, in common with their other countrymen, work out the destiny of a greater and happier India.

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SOME ECONOMIC AND FINANCIAL ASPECTS

OF

British Rule in India

By

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INTRODUCTION

An attempt has been made, in this booklet, to analyse briefly the economic and financial policy of British Imperialism in India. That India is exploited by Great Britain very few persons deny, but loose talk, and, what is still worse, loose thinking on the subject is common. In the anti-imperialist struggle the conflict of economic interests must play the most vital part. Our national movement cannot grow, and may even lose sight of its real objectives, unless the nature and extent of the economic exploitation of the country is well understood.

For the past half-century a struggle has been in progress between British Imperialism and the Indian people. The central fact of this struggle has been the question of Sovereignty. On the one hand, an ever-growing conscious mass of the Indian people, economically crushed, are continuously striving to bring about a radical improvement in their living conditions by altering the existing political relationship; on the other hand, British Imperialism and its Indian supporters are continuously exerting themselves to suppress these endeavours and to maintain the politico-economic *status quo*.

It often happens that politicians in order to satisfy group interests or in reacting to the exigencies of particular circumstances, erroneously characterise the Indian struggle as being essentially economic, or essentially political, or even as essentially moral or religious. This is a fallacy. The precept of Political Science that the connection between economics, politics and forms of thought in society is organic, is a sociological generalisation, which applies to all societies irrespective of race and territory. The Indian struggle is no exception and

must be accepted as an organic politico-economic historical process.

By the conquest of India during the period of the general world expansion of European capitalism, British Imperialism established its political hegemony over the Indian people, thereby setting up a specific relationship between the national economies of India and Great Britain in which India occupied the position of an exploited colony. The major indications of this new situation were, in the political sphere, the absolute sovereignty of the British Parliament with its bureaucratic adjunct in the form of the Government of India, and, in the economic sphere, the utter destitution of the Indian people as a consequence of prolonged economic exploitation. This situation generated an irreconcilable conflict between British Imperialism and the Indian people.

In the modern history of India, the Revolt of 1857 may be taken as a convenient landmark for an understanding of the present terms of the conflict. That event marked the close of the life of Mediaeval India and instituted the present framework of society, the main feature of which is the struggle mentioned above. From now on, the necessities of Imperialistic domination involved a rapid development of railways, telegraphic communication, road construction, the opening of the Suez Canal to establish a direct all-sea route to industrial Europe, which profoundly affected the economies of two continents and the philosophico-ethical concepts of millions of human-beings. But the greatest effect on India of this development was the progressive deprivation of political and civil liberties, and the economic deterioration of the great mass of her people.

Dr. Pattabhi Sitaramayya's History of the Congress enables us to trace the positive deprivation of popular liberties in fair detail since the beginning of the present century. By the beginning of the twentieth century, the Congress had become definitely a political eye-sore for officialdom and Sir Auckland Colvin stated that

Congress "unfairly claimed to represent the Indian people"—a lament which has been uttered by Imperialism down to the present day: the ex-Viceroy Lord Willingdon, stated recently in London that "Congress was no longer entitled to claim to be national." In 1890, the Bengal Government issued a circular to the effect that, under the orders of the Government of India, Government officials are prohibited from participating in Congress activities and that it is inadvisable for them even to attend such gatherings. Then began the promulgation of repressive measures: the Arms Act, the Seditious Meetings Act (1908), the Press Act (1908), the Criminal Law Amendment Act (1910); new sections were inserted into the Criminal Procedure Code directed against the political democratic movement. Students were prohibited from participating in political meetings and demonstrations; deportation became a method of repressing democratic sentiment and the exercise of Regulation III, and allied Regulations, became a frequent occurrence. In more recent times, we have become familiar with detentions for long periods without trial, incessant raids by the Secret Police, fresh Press Acts, the common promulgation of Section 144 Cr. P. C., the use of Section 124 A, the imprisonment of thousands with "C" class convict treatment, the working of the Criminal Law Amendment Act, Governor-General's Ordinances and other measures which have deprived the people of various civil liberties.

On the economic side, we have the woeful story of a rapid increase of poverty and physical decay, growing unemployment and cultural stagnation. The following sketch of various aspects of present-day Indian Society will illustrate the state of perpetual nightmare we are living in.

The average annual income per head of the Indian people today cannot be more than Rs. 50-0-0. On the one hand, we have an infinitesimal proportion of the population living wastefully; and, on the other, a large

number, described as beggars, who are seen swarming the towns and cities, suffering from diseases ranging from insanity to leprosy; in between the two categories, there is an enormous mass just making two ends meet and which, with the low productivity of all kinds of Indian labour in agriculture and industry, borders perpetually on the verge of starvation, and is steeped in superstition and ignorance. The peasantry, which form the mass of the people, about 70 per cent of the population being dependant on the land, is indebted to the extent of approximately Rs. 1500 crores which amounts to many times the total annual land revenue. They cultivate fields the average size of which for the whole of India is approximately 5 acres. Cultivation is carried on with the inefficient wooden ploughs and half-starved, emaciated bullocks, and, the yield is perhaps the smallest in the world. The peasant's food is a meagre meal of the crudest sort and their shelter a wretched mud hut. They are completely illiterate. The industrial proletariate is one of the poorest in the world, heavily indebted, with growing unemployment and falling wages, living in miserable slums, working long hours, subjected to severe legal restrictions on Trade Union activities and almost totally unprovided for in the matter of social services. The Indian intelligentsia is menaced by increasing economic insecurity in the shape of educated unemployment, and political subjection to an autocratic state suppresses it mentally and psychologically and promotes cultural stagnation and decay. Finally, Indian society suffers as a whole from Imperialist domination and economic exploitation, and cultural inferiority and backwardness.

If we glance at the politico-economic world structure today, we shall observe that it is divided up into a few gigantic Imperialisms in irreconcilable conflict with each other. The historic world conditions, which formed the basis of the great liberal epoch of European capitalistic civilization, and rendered possible the forma-

tion of what is referred to as the British Commonwealth of Nations, comprising Canada, the Union of South Africa, Australia and New Zealand, disappeared irrevocably with the birth of the rival Imperialism, whose antagonisms resulted in the World War of 1914-18. Similar antagonisms are today leading to a fresh armageddon on an infinitely greater and deadlier scale. There does not now exist any objective possibility for British Imperialism to grant voluntarily any real measure of self-government to India because that would deprive Great Britain of its Indian tribute thereby unleashing the latent conflict in British society.

Can it be expected that the British capitalist politicians do not know full well the implications of Indian self-government ? "India is the pivot of our Empire. If the Empire loses any other part of its Dominion we can survive, but if we lose India the Sun of our Empire will have set," declared Lord Curzon in 1898. Mr. Baldwin speaking on December 4, 1934, before the Central Council of the National Union of Conservatives and Unionist Association, stated: "It is my considered judgment, in all the changes and chances of this wide world today, that you have a good chance of keeping the whole of that sub-continent of India in the Empire for ever." India contributed £100 millions as a free gift to the Empire and additional millions in other ways during the world war, and over a million men in killed and wounded. Besides, Indian resources form a vital part of the process of capitalist production in British national economy.

Thus, it may be conclusively seen that the continuation of the autocratic nature of British rule is not a fortuitous but a logical process from the point of view of British Imperialism.

Then why this paradox of the so-called Reforms or the new Constitution Act ? The simple answer is the constant pressure of the Indian people. The fact that the reforms have always proved worthless is merely

an indication that the pressure has not been enough; and the continuation of the conflict is an indication that not a single one of the great ills from which the people suffer has been remedied. The pressure during the pre-War and War period brought about the Montague-Chelmsford Reforms of 1919. As was subsequently proved, that elaborate document did not deflect the course of a single one of the factors which have combined to bring about the present plight of the Indian people. India remained economically backward; indeed, statistics prove in every respect that the situation has worsened. The attitude of the Government in regard to civil and political liberties is worse today, 16 years after the Reforms, than it was prior to the 1919 Reforms.

The present Government of India Act, 1935, does not deliver up any portion of sovereignty to the Indian people; the very nature of the method which brought it into existence bears testimony to this statement. The series of Round Table Conferences took place not between the accredited representatives of the Indian people and the British Parliament but between the latter and the Indian nominees of the British Government in India. Although the Congress participated in the Second Round Table Conference the attempt at co-operation proved abortive and the final decisions were independent of the Congress attitude.

The final Legislative and Executive powers both in the Federal Government and the Provincial Governments, under the new Government of India Act, rest with the Viceroy and the Governors respectively, who are appointed by the Crown. The higher judiciary and the Imperial services are in no way controlled by the Indian Legislatures. The foreign, political and ecclesiastical departments of India will be in the hands of the Viceroy and independent of Ministerial Control. 80% of the federal budget is still to be non-votable. The army is to be independent of Ministerial control and

the Commander-in-Chief is to deal directly with the Viceroy. The Native Princes, while remaining immune to British Indian legislation, will have the power to obstruct all democratic measures in the federal legislatures. The Upper Chambers both at the centre and in the larger provinces, so arranged as to return landlord and other vested interests, possessing equal powers with the Lower Houses, will be there to vie with the Government in vetoing progressive legislation in all matters. The electorate, based on property and literacy qualifications, is cleverly divided up communally. The Governor-General and the Governors are vested with 'special responsibilities' to be exercised in their own discretion. Finally, the power to change the Constitution or any part of it lies only with the British Parliament.

It may be asked, what remains ? The meaningless terms "Federation" and "Provincial Autonomy". It is not the political form or name but the content which matters. If we examine the existing federal constitutions of the various peoples we find that the sovereignty of the federations resides amongst the people or a section of the people; but the most prominent feature of the new Constitution for India is the fact that sovereignty lies nowhere amongst the people but with the rulers of an alien country. This is nothing but a reflection of the prime fact that India is to continue as a colony of Great Britain. Although India will henceforth be formally designated a "Federation" with "Autonomous" Provinces and the Indian States as constituents thereof, there can be no justification to suppose that India has anywhere approached the status of a democratically governed country.

Section I

ECONOMIC ASPECTS OF BRITISH RULE

CHAPTER I

Development of British Colonial Policy

In the early stages of British Imperialist expansion, Britain's colonial policy was shaped by the interests of monopoly trading companies, of which the East India Company was the most important. The Colonial policy of Great Britain, however, changed and took different forms according to the changes in her economic structure. During the seventeenth and eighteenth centuries when the trading companies were acquiring large territories, the commercial classes who owned and financed these companies dominated British political and economic life. Their sole aim was to derive maximum profits from colonial trade. To this end, they secured exclusive trading monopolies and drained away enormous quantities of wealth from the colonies, either in the form of merchandise or profits drawn from trade within the colonies. Many colonies were forbidden to trade with other countries. The American colonists, for example, were forced to export all their goods in British ships. Trade in the valuable articles and luxury goods of the East, and especially of India, became a source of unlimited wealth. Thus, the colonial empire soon gave rise to a class of wealthy merchants in Great Britain who, later, became the industrial magnates of nineteenth century England.

The Industrial Revolution transformed radically the structure of national economy in Great Britain. The huge accumulated wealth of the merchants began

to flow into industrial production, and the colonial policy was changed to meet the needs of the new industrial classes. Great Britain now wanted markets for her own machine-made goods and large agricultural areas to provide her with raw materials and foodstuffs for her factory workers. This was secured by a relentless policy of wholesale destruction of handicraft industries in the colonies and the commercialisation of colonial agriculture. The colonial empire, and especially India, thus acquired a unique importance for British Imperialism.

By 1850 industrial capitalism had firmly established itself in Great Britain, but it was obvious that the colonial empire could provide only a limited market for British goods so long as it remained economically undeveloped, especially in regard to modern means of communication. The hinterland of vast countries like India and Africa had to be opened up for British manufactures, but for this large capital investments were necessary. The prolonged period of prosperity which Great Britain had enjoyed as the "workshop of the world" had led to a considerable accumulation of capital in the country which was seeking profitable avenues of investment. Moreover, by the third quarter of the century the hey-day of British capitalism had come to a close. Other European nations which had started their industrial careers later, now began to compete with Britain in the world market and to reduce the profits of British industries. Thus a considerable proportion of British capital attracted by cheap colonial labour and proximity to raw materials, began to migrate to the colonies for investment. In Africa, India and other parts of the Empire large sums were invested in Railways, mines, plantations etc. This marked the beginning of a new stage in the colonial policy of Great Britain. The colonies in addition to being large markets for British goods and useful sources of raw materials, became the dumping ground for surplus capital. Colonial investments grew

steadily with the growth of finance capital, which is a composite form of industrial and banking capital. The exports of capital soon became the most important of all British exports, and today, constitutes one of the biggest sources of income to the British investing classes. In 1881, it was estimated that the amount of British capital invested abroad was £1250 millions giving an annual revenue of £52 millions. By 1915, £3805 millions were invested abroad yielding £200 millions per year as revenue. About 50 per cent of these investments had been made in the Empire. In 1929 Mr. Winston Churchill estimated that Great Britain received £300 millions annually as revenue from investments abroad.

It should be noted that the investment of foreign capital in the colonies has been mainly confined either to the development of the modern means of communication—railways, docks, bridges, etc., or to such industries where manufacture constitutes a very simple process, for example, sugar, tobacco etc., or where the cost of transporting raw materials can be considerably reduced by performing the first stages of manufature on the spot. The significance of this is apparent. Railways and other modern means of transport in which British capital has been invested were developed with the main object of promoting British industrial interests in the colonies. Military considerations apart, they enabled British manufactures to penetrate everywhere thereby destroying the indigenous industries. British investments in those industries which produce semi-manufactured agricultural goods, were meant to provide cheaper raw materials to Great Britain. It is noteworthy, that very little British capital has been invested in such industries as can compete successfully with British manufactures, as for example, the Indian cotton industry.

We can thus state that British Imperialism has employed three forms of economic exploitation of colonial

countries. The first, which characterised the earlier stages of colonial expansion, constituted a simple draining away of colonial wealth through trade monopolies which invariably meant buying as cheap as possible and selling as dear as possible. The second, which corresponded with the development of industrial capitalism in Great Britain, deliberately choked industrial production in the exploited countries, through tariffs and other fiscal arrangements. The third form, which developed after 1850 and grew with the growth of finance capital in Great Britain, established the stranglehold of British capital over the economic resources of the colonies. Huge British colonial investments, not only transferred annually a large proportion of the wealth produced in the colonies to Great Britain, but also left the economic resources of the exploited countries at the mercy of foreign finance capitalists, who adopted a consistent policy of subjugating colonial interests to those of Great Britain, thereby keeping the colonies industrially backward, poor and semi-feudal in social structure.

Early Economic policy of the East India Company

India has been invaded and conquered by foreigners several times, but the British conquest differed from all previous conquests in the sense that it brought India under the rule of a country which had already reached a more advanced stage of economic development. Thus, while the earlier conquests brought about no important changes in the economic life of India, the immediate effect of the British conquest was the destruction of the ancient independent economic basis of Indian society. As a result of contact with Imperialism, the age-long village communities began to break up, the economic isolation of the Indian village was rapidly destroyed, the old equilibrium between industry and agriculture was upset, agricultural production was commercialised, new forms of capitalist production began to develop and along with them arose new social classes and new social

problems. But in India as in other colonial countries, foreign capitalism possessed very few of the progressive features which characterised the rise of capitalism in Europe. Whereas in Europe, capitalism played a progressive role by destroying the feudal order and raising the productive forces to a higher level, in India Imperialism perpetuated some of the worst features of feudal exploitation, particularly in its land policy, and curbed systematically the economic development of the country. While social progress in nineteenth century Europe assumed the form of a rapid shifting of productive factors from agriculture to industry, Imperialism in India created a diametrically opposite course of development. The flourishing industries of India were deliberately killed, more and more people were thrown on to the land, and within a few decades, India which in the eighteenth century was one of the leading manufacturing countries of the world, came to rely almost entirely on her agricultural produce.

The role of the East India Company was to prepare the ground for the systematic exploitation of the country which was to follow. It conquered large territories, defeated the feudal ruling classes and established British supremacy in the land. The economic policy of the Company early laid the foundation of those antagonisms between the national economies of Great Britain and India which matured under the rule of the Crown. In the earlier period the Company took away from the country as much wealth as it could through internal and external trade. But by the close of the eighteenth century when the Company had acquired large territories, the annual drain of wealth from India to Great Britain was increased by an extremely heavy land taxation and the enormous fortunes collected by the Company's officials through political corruption and objectionable commercial dealings.

The Company monopolised Indian trade with Great Britain, the trade with China, the coastal trade and the

internal trade in several commodities such as, salt, betel-nut, opium etc. In addition, the Company's agents penetrated into all parts of the country and compelled the handicraftsmen to deal exclusively with them. The prices of the monopolised goods were arbitrarily fixed by the officials and the producers were fleeced mercilessly. Weavers were compelled to enter into engagements to work for the Company and for breach of contract were punished with fines, imprisonment, flogging etc. The Governors-General themselves engaged in private commercial dealings. The trial of Warren Hastings abounds in such instances. According to Herbert Spencer, "the Anglo-Indians of the last eighteenth century—'birds of prey and passage' as they were styled by Burke—showed themselves only a shade less cruel than their prototypes of Peru and Mexico. Imagine how black must have been their deeds when the Directors of the Company admitted that 'the vast fortunes acquired in the inland trade have been obtained by a scene of the most tyrannical and oppressive conduct that was ever known in any age or country.' Conceive the atrocious state of society described by Vansittart who tells us that the English compelled the natives to buy or sell at just what rates they pleased on pain of flogging or confinement." (*Social Statics*, 1st ed. p. 367). It was estimated that between 1757 and 1766 the Company and its employees received £6,000,000 from Indians as gifts. Clive himself extracted thousands of pounds as gift from the Nawab of Bengal. Macaulay in his essay on Lord Clive has given a good description of the Company's rule in India. He wrote: "The servants of the Company obtained—not for their employers but for themselves—a monopoly of almost the whole internal trade. They forced the native to buy dear and sell cheap..... they covered with their protection a set of native dependents, who ranged through the provinces, spreading desolation and terror wherever they appeared. Every servant of a British factory

was armed with all the power of his master, and his master was armed with all the power of the Company. Enormous fortunes were thus rapidly accumulated at Calcutta while thirty millions of human beings were reduced to the last extremity of wretchedness. They had been accustomed to live under tyranny, but never under tyranny like this."

In their land policy the Company's Government perpetuated and gave legal sanction to some of the worst features of the feudal order. In Bengal, Bihar and some parts of Madras and the United Provinces, the peasants were deprived of their proprietary rights in land which were transferred to big landlords, most of whom had been mere rent collectors under the Moghals, not having any legal proprietary claims to the lands in their possession. The Zamindari system of land tenure subjected the bulk of the peasantry to unprecedented hardships. The Government demands for land revenue from the Zamindars were fixed very high, and the latter were allowed to extort whatever they could from the cultivators. These demands were enforced very rigorously and if the Zamindars failed to pay the revenue they had contracted for, their lands were taken away and auctioned to the highest bidder. In 1772, the President of the Council of Bengal wrote to the Court of Directors: "The Nazims exacted what they could from the zamindars and the great farmers of revenue, whom they left at liberty to plunder all below, reserving to themselves the prerogative of plundering them in their turn, when they were supposed to have enriched themselves with the spoil of the country."

Land taxes increased rapidly under the rule of the Company. In the zamindari areas, rack renting of the peasantry became almost universal, and in the ryotwari tracts the rates of assessment were raised as high as one-half of the net produce. The total land revenue collection of Bengal which amounted to £818000 in 1764-65 rose in 1765-66, the first year of the Company's

administration, to £1470,000 and to £2680,000 in 1790-91. The total land revenue collected by the Company rose from £4.9 millions in 1812-13 to £13.6 millions in 1822-23 and to £15.7 millions in 1857-58, when land revenue formed nearly two-thirds of the total revenue of the Company.

The heavy exactions of the Government and the landlords soon brought about the economic ruin of the peasantry, who were rendered incapable of resisting famines and epidemics. In the Bengal famine of 1770 no fewer than 10 million people died of starvation. And yet the land revenue continued to increase. In 1772 Warren Hastings wrote to the Court of Directors: "Notwithstanding the loss of at least one-third of the inhabitants of the province and the consequent decrease of the cultivation, the net collection of the year 1771 exceeded even those of 1768..... It was naturally to be expected, that the diminution of the revenue should have kept an equal pace with the other consequences of so great a calamity; that it did not, was owing to its being violently kept up to its former standard".

Trade monopolies, political corruption and exorbitant land taxes enabled the Company to transfer large sums of money annually to Great Britain. A regular drain of wealth from India to Great Britain set in. It was estimated that in the beginning of the last century the drain was about £3,000,000 a year and including private remittances about £5,000,000. This amount increased by leaps and bounds and averaged £5,347,000 between 1835 and 1839, and £7,730,000 between 1855 and 1859. The devastating effects of this flow of wealth out of the country can be judged from the following opinions expressed by some of the early British administrators and writers.

Mr. Saville Marriot, a Commissioner of Revenue in the Deccan, observed in a letter to Sir R. Grant in 1836: "For many years past, I have in common with many others painfully witnessed their decline (the peoples),

and more especially that part of the community which has emphatically been styled the 'Sinews of the State'—the peasantry of India.... It is a startling but too notorious a fact that though loaded with a vastly greater absolute amount of taxation, and harassed by various severe acts of tyranny and oppression, yet the country was in a state of prosperity under the native rule when compared with that into which it has fallen under the avowedly mild sway of British administration..... To the pecuniary injurious results are also to be added the many unfavourable circumstances inseparable for a time from foreign rule. In elucidation of the position that this country is verging to the lowest ebb of pauperism, I would adduce a fact pregnant with considerations of the most serious importance, namely, that of late years a large portion of the public revenue has been paid by encroachment upon the capital of the country, small though that capital is in itself. I allude to the property of the peasantry.....I feel certain that an examination would establish that a considerable share of this and other property, even to cattle and household utensils has been for ever alienated from its proprietors to make good the public revenue. In addition to this lamentable evidence of poverty is another of equal force, to be seen in all parts of the country, in the numerous individuals of the above class of the community wandering about for the employment of hirelings, which they are glad to obtain even for the most scanty pittance. In short, almost everything forces the conviction that we have before us a narrowing progress to utter pauperism."

Sir Fredrick John Shore of the Bengal Civil Service, writing about the condition of the people in 1837 observed: "But the halcyon days of India are over; she has been drained of a large portion of the wealth she once possessed and her energies have been cramped by a sordid system of misrule to which the interests of millions have been sacrificed for the benefit of the few."

"The grinding extortion of the English Government has affected the impoverishment of the country and the people to an extent almost unparalleled."

Lord Cornwallis in a minute on land settlements in 1790 observed: "The consequences of the heavy drain of wealth from the above causes, with the addition of that which has been occasioned by the remittances of private fortunes, have been for many years past and are now, severely felt, by the great diminution of the current specie and by the langour, which has thereby been thrown upon the cultivation and the general commerce of the country."

Sir John Shore observed in 1787: "The Company are merchants as well as sovereigns of the country. In the former capacity they engross its trade, whilst in the latter they appropriate the revenues. The remittances to Europe of revenues are made in the commodities of the country which are purchased by them. Whatever allowance we may make for the increased industry of the subjects of the State, owing to the enhanced demand for the produce of it (supposing the demand to be enhanced) there is reason to conclude that the benefits are more than counterbalanced by evils inseparable from the system of a remote foreign dominion."

In 1835 Mr. Montgomery Martin after analysing the surveys made in 1807-14 of the condition of Bengal and Bihar wrote—"It is impossible to avoid remarking two facts as peculiarly striking—first, the richness of the country surveyed and second, the poverty of its inhabitants..... The annual drain of £3,000,000 on British India has amounted in thirty years at 12 per cent (the usual Indian rate) compound interest to the enormous sum of £723,900,000 sterling..... So constant and accumulating a drain, even in England, would soon impoverish her. How severe then must be its effects on India when the wage of a labourer is from two pence to three pence a day."

Mill's History of India emphatically denouncing the drain says,——"It is an exhausting drain upon the resources of the country, the issue of which is replaced by no reflex; it is an extraction of the life-blood from the veins of national industry which no subsequent introduction of nourishment is furnished to restore."

The above quotations should suffice to show the nature and consequences of the early economic policy of the East India Company.

Destruction of indigenous industries

As already stated the growth of industrial capitalism in Great Britain marked a new departure in the economic policy of British Imperialism, that is, the systematic destruction of the indigenous industries for turning India into a vast market for British goods, and the commercialisation of Indian agriculture for providing raw materials to British industries. The new policy was carried out mainly by manipulating Indian tariffs, currency and credit and foreign exchanges to the advantage of British interests.

Until the middle of the nineteenth century, the tariff policy of the British Government in India had only one aim, namely, to discourage the export of Indian manufactures and to flood the Indian market with British imports. A policy of free trade was forced on India while Great Britain preferred protection for herself. Thus British cotton goods conveyed in British ships to India paid a duty of $3\frac{1}{2}$ per cent while the Indian cotton goods imported into England paid a duty of 10 per cent and Indian silk goods 20 per cent, British woollen goods imported into India paid a duty of 2 per cent, while in Great Britain Indian woollens paid a duty of 30 per cent. A prohibitive duty of 5 shillings a ton was imposed on the import of Indian iron ore into England, while the English iron ore imported into India paid no duty at all. Indian sugar paid the same duty in England as the sugar imported from the West Indies, but Indian

rum paid a duty of 15 shillings a gallon, while the West Indian rum, though stronger, paid only 9 shillings a gallon. Books printed in India paid a duty of £2-10-0 a cwt. when imported into England.

These duties naturally caused a sharp decline in the export of Indian manufactures and a rapid increase in the import of British goods into India. The cotton piece-goods imported into Great Britain from India declined as follows:—

1814	1266608	pieces
1821	534495	„
1828	422504	„
1835	306086	„

During the same period the British cotton manufactures exported to India increased as follows:—

1814	818208	Yards
1821	19138726	„
1828	42822077	„
1835	51777277	„

In 1815 the value of the cotton goods exported from India was £1300,000, but this declined to £100,000 in 1832. The value of the cotton goods imported into India from England rose from £26300 in 1815 to £400,000 in 1832.

The export of Indian silk manufactures and raw silk also declined rapidly. The value of raw silk exported from India fell from £920,000. in 1828-29 to £540,000 in 1831-32. The export of silk manufactures declined rapidly since 1857 and has never been able to recover.

The woollen manufactures also received a severe blow. The value of Indian woollen goods imported into England between 1828 and 1838 averaged not more than £28000 per annum, while the value of British woollen goods imported into India rose from £300,000 to £800,000 within a few years after 1857.

The export of Indian sugar continued to dwindle

steadily and was reduced to an insignificant figure by the end of the century.

In the same manner the highly developed iron smelting, glass and paper industries were ruined by cheap machine-made substitutes from England.

The prosperous Indian ship-building industry, which had excited the jealousy of English shipping interests, was also destroyed by a policy of discrimination against Indian ships adopted by the Court of Directors. In 1759-96 six ships with a tonnage of 4105 tons and five vessels of 500 to 600 tons each were being built in Calcutta and in 1796-98 several ships were launched, but by 1840 ship-building had been entirely abandoned in Calcutta.

By 1850, the destruction of Indian industries had been virtually completed. The railways which began to develop in the forties, enabled British manufactures to penetrate to the remotest corners of the land thereby establishing the permanent supremacy of British goods in the Indian market.

Commercialisation of Indian agriculture

The destruction of industries had very far-reaching social consequences. The ruined artisan classes began to overcrowd agricultural occupations, thus increasing the pressure of population on land and deteriorating still further the economic condition of the peasantry, which was already overtaxed by the Government. It was in the interest of the foreign rulers to make agriculture the sole occupation of the Indian people in order to secure cheap food and raw materials for export. Thus, while the industrial exports of India declined rapidly, the export of agricultural goods increased by leaps and bounds. For example, the value of raw cotton exported increased from £1,775,309 in 1849 to £4,301,768 in 1858 and to £10,129,647 in 1901. The export of jute increased from £68717 in 1849 to £303,292 in 1858 and to £10,867,756 in 1901. The grains

exported rose in value from £858,691 in 1849 to £3,790,374 in 1858 and to £14,069,509 in 1901. The export of hides and skins, oil seeds, tea etc., also increased rapidly. These exports left the country poorer in her food resources and rendered famines most devastating in their effects. "Excluding severe scarcities, often confined to limited areas, there were eighteen famines between 1770 and 1878; and if we add to this list the subsequent famines of 1889, 1892, 1897 and 1900, we have a sad record of twenty-two famines within a period of 130 years of British rule in India."*

The commercialisation of Indian agriculture, which developed parallel to the decline of Indian industries and the increasing ruralisation of the country, was caused by the growing demand for raw materials such as cotton, jute, oil-seeds etc., by Great Britain, and was facilitated by improvements in methods of transport. The increase in the cultivation of money crops at the expense of food crops had a far-reaching influence, not only on the nature of agriculture, but also on the economic condition of the agriculturists. The age-long self-sufficiency of the village community was broken up and a whole army of middlemen, wholesale and retail dealers, exporters of grain, speculators etc., came into existence who taking advantage of the ignorance and poverty of the peasantry enriched themselves on the spoils of their trade. The peasants were obliged to sell their produce at very low prices to these middlemen, who soon resorted to money lending and in time came to establish their economic hold over the entire countryside. Furthermore, commercialisation brought Indian agriculture directly within the sphere of world capitalist economy and subjected it to all the vicissitudes and crises of world production.

Deliberate Curbing of Industrial Development:

The transfer of the Company's territories to the

* Romesh Dutt in one of his open letters to Lord Curzon.

Crown brought about no fundamental change in the relations between India and Great Britain; it merely served to strengthen the imperialist hold over India. While the former methods of exploitation continued, the penetration of British capital into India on an extensive scale, brought about a more systematic and relentless subjugation of Indian interests to those of British Industrial and Finance Capital. The tariff policy, the currency and exchange policy, the development of railways and other means of transport, taxation, public expenditure and debt, and all other economic activities of the Government of India were openly dictated by British interests. In addition to this an extremely expensive and top-heavy system of administration ate into the vitals of the economic resources of the country.

Having destroyed the old handicraft industries, British Imperialism systematically curbed the growth of modern industrial production in India. Until 1857, the Indian tariff policy was maintained scrupulously on a free trade basis. Only a small import duty of 5% was imposed on finished goods and 3½% on raw produce. The financial stringency which followed the Revolt of 1857 obliged the Government to raise the general rate to 10 per cent. This was, however, reduced to 7½ per cent in 1864 and to 5 per cent in 1875. But in 1882, the Government of India was obliged by Manchester interests to abolish all custom duties, and India remained a free trade country till 1894, when financial difficulties again compelled the Government to impose a 5 per cent *ad valorem* general import duty. As this measure was bitterly resented by Lancashire, an excise duty of 5 per cent was levied on yarn of 20 counts and above produced in Indian mills. As even this did not satisfy Lancashire the import duty on cotton piece-goods was lowered to 3½ per cent in 1896, and an excise duty at the same rate was levied on all Indian mill-made cloth. With a few other minor changes, India retained very

low custom duties upto the beginning of the world war. Even these were determined by the financial needs of the Government, and not by considerations of protection to Indian industries. In fact, the Government tried to cripple the young cotton industry by the notorious excise duty of 3½ per cent on Indian mill-made cloth, which in spite of vehement protests from Indian industrial interests, was abolished as late as 1926.

The net result of this tariff policy was that India remained very poorly industrialised till the beginning of the war, the only industries which showed an appreciable growth were the cotton mill industry of Western India, the jute industry of Bengal and the coal mining industry of Bihar, Orissa and Bengal. The situation was suddenly changed by the war when Great Britain diverted her main productive resources to war industries, thereby giving India a breathing space and a short period of diminished competition from foreign manufactures. But since industrialisation has been a passive process in India, in so far as it has never been helped or encouraged by the Government, which has remained either indifferent or hostile to it, Indian industries could not take full advantage of the opportunities afforded by the war. Absence of British competition enabled Japan and the U. S. A. to step into the Indian market. In spite of this, industries in India grew considerably during the war and the post-War boom. Thus, in the cotton mill industry the number of looms which were 9139 in 1876 and 94,136 in 1913 rose to 186,407 in 1932. The number of cotton mills rose from 172 in 1913 to 340 in 1932, and the output of cloth which was 102 million lbs. in 1899 and 274 million lbs. in 1914 mounted up to 590 million lbs. in 1931. In the jute industry there were 4946 looms and 70840 spindles in 1879-80, and 36,050 looms and 744,289 spindles in 1913-14, but in 1930, there were 61,834 looms and 1224982 spindles. The number of jute mills rose from 22 in 1879-80 and 64 in 1913-14 to 100 in 1930-31. India

produced 240,000 tons of pig iron and 70,000 tons of steel in 1914, while in 1930, the production was 1140000 tons of pig iron and 616000 tons of steel. The total export of metals (excluding manganese) from India which never went above 122000 tons per annum till 1920-21 rose to 871000 tons in 1929-30. The total output of coal was 16.2 million tons in 1913; it increased to 22.6 million tons in 1913 and to 23 million tons in 1919. The production and export of tea also expanded considerably. The export of tea by sea from India was 150 million lbs. in 1896-97, 282 million lbs. in 1912-13, and 341 million lbs. in 1931-32. The war gave a special stimulus to the Indian tanning and leather industries. While 194,763 cwts. of tanned hides valued at Rs 1.75 crores were exported in 1913, 361,674 cwts. valued at Rs. 4.8 crores were exported in 1917-18. Other smaller industries such as chemicals, glass, paper, cotton ginning and pressing, oil, soap etc., also found some scope for expansion.

But this rapid growth of industries did not last long; competition with British manufactures soon started again, to which were added the effects of the growing world depression. The boom was short lived and India began to feel the adverse effects of a steadily developing industrial crisis as early as 1921. There set in a prolonged period of steady decline, which was marked by extensive liquidation of firms and companies. The post-War deflation of European currencies and the rise in the value of the rupee enabled foreign manufactures to compete more successfully in the Indian market. This resulted in a greater demand for protection in India; the Indian industries now being strong enough to make their voice felt. The growing needs of the Indian exchequer caused by the heavy war expenditure, also demanded higher custom duties. In fact, the Government of India had already enhanced many duties for revenue purposes during the war. Thus, circumstances obliged the Government to introduce for the first time a limited

protective tariff; the earlier tariffs having been entirely governed by revenue considerations. Substantial increases in the general rate and the rates of duty on cotton piece-goods, cotton yarn, matches, sugar, luxury articles, cigarettes etc., were made. A Tariff Board was appointed by the Government of India to recommend those industries which could be given protection and the steel industry was the first to receive protection by the Steel Protective Act in 1924. The cotton excise duty was suspended in 1925, and in 1930-31 the duty on cotton goods was raised from 11 per cent to 15 per cent, in addition to a protective duty of 5 per cent on non-British goods. In 1931-32, a surcharge of 5 per cent was imposed on the general imports. By a supplementary budget in 1931, a surcharge of 25 per cent was imposed on all import duties including cotton. The fall in the Yen and the consequent flooding of the Indian market with Japanese goods, led to the raising of the duty on plain grey goods of non-British origin to 50 per cent in 1932 and to 75 per cent in 1933. The sugar and match industries were also afforded a very substantial degree of protection.

The Ottawa Agreement added the principle of Empire Preference to the post-War discriminating protection. By the terms of this agreement, India gave a preference of 10 per cent on many British goods, mainly manufactured articles, in return for exemption from duty on certain Indian goods, e.g., tea, jute, rice and shellac. Side by side with this, an agreement between India and Great Britain, called the Mody-Lees Pact was made according to which India was to give considerable preference to British cotton piece-goods and to reduce substantially the duty on British artificial silk goods in return for which Great Britain promised to give India all the advantages enjoyed by British goods in foreign markets. A separate agreement between India and Japan was also entered into, by which an upward limit for the duty which India might levy on Japanese

goods was fixed at 50 per cent. India promised to import 325 million yards per year from Japan, in return for which Japan agreed to buy at least one million bales of raw cotton from India. The Cotton Textile Act of 1934 embodied the terms of the Mody-Lees Pact and the Indo-Japanese Agreement.

Thus, the main feature of the post-War tariff policy has been the granting of limited protection to certain important industries, and the introduction of the principle of Imperial Preference. The Ottawa Pact and other measures, which have given special concessions to British goods, have been subjected to severe criticism in India. In the first place, the reciprocity has been far from satisfactory as the preferences granted by the United Kingdom have not brought any special advantages to India. India already enjoyed the preference on tea, which had been granted long ago in the interest of British consumers and British tea planters, while jute is a monopoly product of India, preference on which is of no great value. The worst feature of an Imperial Preference tariff is, that it is likely to damage India's export trade with non-Empire countries which absorb a much larger percentage of Indian exports than either Great Britain or the other Empire countries. In 1933, of the total Indian exports valued at Rs. 146.3 crores, goods worth Rs. 46.6 crores were taken by the United Kingdom, Rs. 67.6 crores by the whole of the Empire and Rs. 78.7 crores by non-Empire countries. Later figures indicate that British imports into India are increasing at a much greater rate than Indian exports to the United Kingdom. As Prof. Brij Narain says "Preference would be of the greatest value to us, if while the British demand for our principal exports increased, the demand of foreign countries did not fall. Preference is of doubtful value to us, because (1) no hope can be entertained of any considerable expansion of our principal exports to the United Kingdom, and because with the limitation of imports from foreign countries into India, their

demand for Indian exports must shrink." Cotton, jute and jute manufactures, tea and food grains, constitute the great bulk of Indian exports and none of these commodities is likely to be benefited by an Imperial Preference tariff. The United Kingdom will never be able to take the place of Japan as a consumer of Indian cotton. Unfortunately in recent years, due to heavy duties on Japanese goods in India, Japan has begun using more of American cotton. If this tendency continues for a number of years, without any corresponding increase in the export of Indian cotton to Great Britain, the Indian cotton growers will be hit very severely. Nor is there any hope of increasing the export of Indian wheat and other food grains to Great Britain, the principal buyers of these commodities being other foreign countries. As Brij Narain observes "We have embarked on that policy at a time, when the conditions and requirements of foreign countries are less stable, and when our position as an exporter is weaker than before. The tendency of scientific research and economic progress in recent years has been to render foreign countries less dependent on us for the supply of primary products. We are more vulnerable now than 30 years ago, and the power of foreign countries to retaliate has increased."

That Imperial Preference has produced no favourable effect on the Indian trade can be seen from the decline in Indian exports in recent years. While both imports and exports have declined, the fall in exports has been heavier. As compared with 1924-25 exports fell by 66% in 1932-33 while imports fell by only 46%; in 1933-34 exports were lower by 62% while imports by 53%. Exports increased by about Rs. 5 crores in 1934-35, as compared with the preceding year, but the imports increased by no less than Rs. 17 crores. There is no doubt, that the Empire free trade agreements do seriously limit the expansion of Indian trade to foreign non-Empire countries.

Lastly, Imperial Preference sacrifices for the Empire industries the interests of the Indian consumers, who are deprived of the opportunities to buy the cheapest goods even when there is no competition between imported and Indian products.

We may conclude by stating that the tariff policy of the British Government, first of all, destroyed the indigenous industries of India, then curbed the growth of modern industry in the country and in the last phase, when India in spite of the jealousy and opposition of British industrialists had achieved a certain amount of industrialisation, inflicted on the country a policy of Imperial Preference, which is bound to damage the export trade of India and to increase the cost of living of her people.

The currency and exchange policy of the British Government also impeded the development of a healthy industrial life in India. Foreign exchanges were manipulated for the benefit of British industries and British vested interests in India, and the country was denied a gold standard currency under the insistent pressure from the British Treasury and big English Banks. We need not go here into the long and chequered history of Indian currency and exchange. We shall merely observe that the currency and exchange policy has been marked throughout by an utter disregard of the commercial and industrial needs of India. In spite of the universal demand for the Gold Standard in the country, which was supported by some of the Currency Commissions and at times by the Government of India also, India failed to get a Gold Standard currency, because the Gold Standard in India would have led to the transfer of a considerable amount of gold from England to India. Thus India was made to suffer all the disadvantages of an unstable token currency, causing heavy fluctuations in exchange rates and thereby reducing trade to mere speculation, so that England might retain her supremacy in the money market of the world by keeping her large gold reserves

intact. The Indian currency system is not only highly inelastic and unstable, but is almost entirely controlled and managed by Government officials. The internal stability of the rupee has been sacrificed to attain external stability, which again has not been adequately secured. The general price level has been constantly kept higher than in most of the European countries, thus throwing extra burdens on the poverty-stricken peasantry. Exchange rates have been manipulated in a way as to impede the flow of gold out of Great Britain and to increase British imports into India. Experience has shown that the Gold Exchange Standard, for which many merits are claimed by its authors, ensures neither a permanent stability of internal prices, nor the stability of foreign exchanges. The whole currency system of India needs radical overhauling in the interest of Indian commerce and industry.

British Capital Investments in India

We have already observed, that from about the middle of the last century British capital began to penetrate into India and in time came to establish its complete control over the economic resources and policy of the country. The earliest investments of British capital were made in the Railways, and were dictated by the interests of British iron and steel manufacturing companies and engineering firms in particular, though the development of railways was in the interest of the British manufacturing class as a whole, who wanted the rapid expansion of British trade in India. The large amount of wealth, which had been taken away from India during the trading period of the Company had resulted in the accumulation of a vast quantity of capital which returned to India for investment.

The railways, were, however, built in an extremely wasteful manner. The main concern of the Government was to safeguard the interests of the foreign investor,

to afford greater facilities to exports and imports, to and from Great Britain, and to strengthen its hold over those parts of the country, which were important from the point of view of military strategy. No attention was paid to the development of the mineral resources and the future industrial needs of the country. The Government guaranteed a rate of profit to British investors, which caused excessive and indiscriminate expenditure on the construction of railways. The railways in operation by 1868 had cost, on an average, £ 18000 per mile. In 1872, William Messey, an ex-Finance Minister of the Viceroy's Council, speaking before a Parliamentary Committee, stated: "All the money came from the English capitalist and so long as he was guaranteed 5 per cent on the revenue of India, it was immaterial to him whether the funds that he lent were thrown into the Hoogly or converted into bricks and mortar. The result was, these large sums were expended and the East India Railway cost, I think (I speak without the book) about £30000 a mile." Romesh Dutt criticising the railway policy of the Government wrote: "So great was the influence of British traders on the Indian administration, that the Indian Government guaranteed a rate of interest, out of the Indian revenue, to companies constructing railroads in India, and £ 225 million were spent on railways, resulting not in a profit, but in a loss of £ 40 million to the Indian taxpayer upto 1900. And so little were the interests of Indian agriculture appreciated, that only £ 25 million were spent on irrigation works upto 1900 and only twenty million acres of land protected out of over two hundred millions of cultivated land in India." While railways developed rapidly, irrigation, which is of vital importance in an agricultural country like India, received scant attention. By 1878 £ 170,000,000 had been spent on railways while only £ 16000,000 were spent on irrigation. In 1930-31 only 21.7 per cent of the total cultivated area was irrigated.

An extremely large capital expenditure on the construction of railways, coupled with prolonged deficits in railway budgets, added heavily to the burden of taxation.

In shipping and marine transport also British capital penetrated rapidly and early secured a monopoly position. At present the share of Indian vessels is only about 13 per cent in the coastal trade and about 2 per cent in the oceanic trade of India.

Along with this, British finance capital secured a predominating position in the Indian banking system. This was necessary for controlling the economic development of the country and more particularly its industrialisation. Until the beginning of the war, the British banking concerns in India were the three Presidency Banks, which enjoyed full support of the Government, several Exchange Banks chartered abroad and a few Joint Stock and Co-operative banks. In 1931-32, there were twenty-nine British banking companies with a paid-up capital of £99.3 million.

The Indian-owned Joint Stock banks developed slowly, and by 1914 possessed capital only equal to about two-thirds of the capital of the Presidency Banks, which was Rs. 3.7 crores. These banks, went through a period of crisis between 1912 and 1916, though after the War they revived as a result of the post-War trade boom, and in 1920 had a paid-up capital of Rs. 8.37 crores. The growth of Indian capital, however, soon excited the jealousy of the British banking interests in the country, who in 1920 persuaded the Government into bringing the entire banking organisation of the country under the control of a central bank called the Imperial Bank of India, which was formed by amalgamating the three Presidency Banks and was controlled almost entirely by British capital. That the Imperial Bank has inherited all the traditions of the Presidency Banks, which followed a consistent policy of discrimination against Indian interests, is a well known fact. In the banking crisis of

1912-16, one of the major reasons for the crash of many Indian owned concerns was the reluctance of the Presidency Banks to help them. The management of the Imperial Bank has likewise displayed a highly unsympathetic attitude towards Indian commercial interests while showing undue partiality to British firms and institutions.

The establishment of the control of British capital over the Banking system was accompanied by the penetration of British financial interests into Indian industries. Only in two industries, namely, the cotton textile and the iron steel, has Indian capital been able to retain the upper hand.

The cotton textile industry has been from the very beginning financed by Indian capital. Obviously, British capital could not afford to develop an industry, which had all the potentialities of becoming a dangerous rival to Manchester. In 1928, the total paid-up capital of the industry was Rs. 39 crores out of which only £203,000 belonged to foreigners. Unlike the cotton industry, the jute industry was started by Europeans, and the management of most of the mills is in European hands even today, though the proportion of Indian capital has increased considerably in recent years. The modern large-scale iron and steel industry was started with British capital, and the Bengal Iron and Steel Company which came into existence in the eighties remained for a long time the most important concern. But the Tata Iron and Steel works which were started in 1907 with Indian capital soon acquired the predominant position; the Bengal Iron and Steel Co. was merged with it in 1925. In the coal industry, however, all the important coalfields are controlled by foreign capital. The same is true of tea and other plantations. The total foreign capital invested in trade and industry in India was Rs. 1008 crores in 1931-32.

A very large proportion of the British capital in India has been lent to the Indian Government. The

huge Public Debt of India, which constitutes one of the heaviest burdens on the Indian taxpayer, has been piled up by the indiscriminate borrowings of the Government, mainly for unproductive purposes including expenditure on foreign wars carried on exclusively in the interests of Great Britain. India had to pay £600,000 for the Abyssinian War (1857), £41,000 for the Prak Expedition (1875), £17,000,000 for the Second Afghan War, £1,200,000 for the Egyptian Operations (1882), £1,300,000 million for expedition on the North-Western Frontier (1882-1891) and £4.7 million for Burma War (1886). The Great War of 1914-1919 threw on India a burden of Rs. 170.7 crores, in addition to her normal military expenditure.

A very large part of the public debt is due to heavy expenditure incurred by the Government of India to keep the country in subjection. Excessive military expenses, which have caused many budget deficits, are responsible for a very substantial portion of the debt. The Government of India has also borrowed for meeting losses on account of exchange, for famine relief, development of railways and canals, expenses in connection with India Office, administration of some British possessions outside India and for loans to Provincial and Local Governments. Including all these items, the total debt of the Government of India on 31st March, 1934 was Rs. 1212 crores, of which Rs. 512 crores had been borrowed in Great Britain.

In 1911, Sir George Paish calculated the total amount of British capital in India, whether lent to the Government or invested in trade and industry, to be £365 million. This increased rapidly during the post-War period, and in 1929 Mr. Sayer, an ex-Secretary of the Bombay Chamber of Commerce, analysed British investments in India as follows :—

	£ Million
Government Sterling Debt	261
Guaranteed Railway Debt	120
5 per cent War Loan	17
Investments in companies registered in India	75
Investments in companies registered outside India	100
	£ 573 M.

Mr. Sayer was of the opinion that £573 million was a very conservative estimate and that the actual investments would approximate £700 million. He added, "the importance of our financial stake in British India is fully recognised, probably, only by a limited number of experts. Most people have no real conception of either its magnitude or diversity. Many merchants, bankers and manufacturers who are actually engaged in the trade, would probably find it hard to arrive at even an approximate computation of the actual amount of the capital and services which is represented. External capital enters India in such a number of forms that any calculation must be largely guesswork" (*Financial Times*, January, 1930)

The total British investments in India today are estimated to be nearly Rs. 1300 crores or £1,000 million. The total foreign investments of Great Britain amount to £4,000 million, so that the amount invested in India is about one-fourth of the total world investments of Great Britain. India pays about Rs. 65 crores to Great Britain per year only as interest on this capital at the rate of 5 per cent. Crores of rupees more are sent to Great Britain, annually, in payment of pensions and allowances to retired Indian Civil Servants and for meeting other expenditure of the Government of India abroad, and also as surpluses, profits, commissions etc. of British companies trading in India.

The magnitude of India's foreign obligations can be judged from the fact, that according to one estimate India pays, annually, Rs. 161 crores to Great Britain and foreign countries. This is exclusive of official remittances by the Government of India for pensions and allowances of retired Civil Servants and other Civil and Army charges incurred in Great Britain on behalf of the Government of India, which also amount to several crores of rupees. The above-mentioned sum is composed as follows :*

	Rs. Crores
British and other foreign Shipping Services	35
Exchange and other commission payable to British and other foreign banks ..	21
Business gains, salaries etc. of persons of British nationality engaged in Indian industries, such as coal, jute, tea etc.	40
Interest on British investments in India at 5 per cent	65
TOTAL ..	161

If the remaining remittances of the Government of India abroad are added to this sum, the total drain of wealth from India would approximately amount to Rs. 180 crores per year.

This economic drain has been made possible by the fact, that India normally exports more than she imports. The Indian people have been obliged to meet these heavy foreign obligations only by exporting more of their agricultural products than what they imported in the form of manufactured goods, thereby depriving the country of a very substantial part of her resources in food and raw materials. The present world crisis has caused a serious fall in the value of Indian exports, and has

* See Planned Economy for India—Sir M. Visvesvaraya.

therefore obliged India to export gold on an unprecedented scale in the interests of her payments abroad. The following figures show the value of gold exported from India since 1931.

Year	Value of gold exported in rupees
1931-32	60,78,25,155
1932-33	66,84,09,347
1933-34	58,15,30,246
1934-35	53,25,68,708
1935-36	38,30,55,365

The total value of gold exported, since Great Britain went off the Gold Standard, stood at Rs. 29,93,074,345, in the first week of March 1937. As Brij Narain observes "Apart from repayment of sterling loans, the current requirements of trade and the Government of India amount to about £43 millions, or a little more in a year. If our favourable balance of trade is less than this amount we must either export gold or add to sterling debt .....It is on account of our heavy annual obligations that increase of home consumption is not a satisfactory remedy for the decline of exports. If some exports decline, we must develop others, for the only alternative is bankruptcy. We cannot repudiate our obligations and it is impossible for any country to pay debts abroad year after year by exporting gold."

The Government of India allowed this unrestricted flow of gold from the country in the interest of its financial credit, and stability of the rate of exchange. But a very large part of the gold exported has been lost to India for good. There is little likelihood of either a substantial fall in the price of gold or an increase in the value of Indian exports, to enable India to buy back a considerable amount of the specie, in the near future. This unprecedented export of gold has made the prob-

lem of reorganising Indian currency and exchange more difficult than ever.

The Agrarian question

We have already observed that under the administration of the East India Company, the Zemindari system of land tenure was introduced in several parts of the country. This system was an innovation of the British in India, as all authorities on the subject agree that during the Hindu and Mohammadan periods the legal ownership of the land belonged either to the State or to the cultivator, or to the village community. Middlemen between the cultivator and the State did exist, but they had no absolute proprietary rights in land. Most of them were mere revenue collectors who were entrusted with this responsibility by the Government in return for a prescribed remuneration, in the form of a percentage of the total revenue collected by them.

Revenue collectors or revenue farmers were found almost all over the Moghal Empire during the seventeenth and eighteenth centuries. The vastness of the territory to be administered and the inefficiency of the ordinary official machinery necessitated their existence. With the decline of the Empire and the consequent weakening of the authority of the Central Government the revenue farmers grew in number and strength and made themselves the virtual owners of the land under their control. Sykes in his book on the Taluqdari system of Oudh considers that the revenue farmers of Oudh called Taluqdars increased their estates by the following methods :—

(1) The Taluqdars' forcible encroachments on the estate of his weaker neighbours.
(2) Fraudulent means as diverse in their character as fraud itself is in its nature ;
(3) forced private sale deeds.
(4) forced sale by auction for the realisation of arrears of land revenue;

(5) Bona fide sales by the holders to realise the revenue demanded by the contractor or the Government representative under the Amani (Trust) system;

(6) by the falling in of mortgages executed for the like causes and the sale clauses taking effect;

(7) by other causes of a like nature.

Very few of the revenue farmers belonged to the ancient aristocracy of the land. Lord Canning wrote in 1858, "When we assumed the Government of Oudh in 1856, the greater part of the province was held by Taluqdars who represented it. They have been called the "Barons of Oude," but this term applied to them as a class is misleading. Some had received titles from the Kingdom of Oude, for services rendered or by court favour; some few are the representatives of ancient families; but the majority are men distinguished neither by birth, nor connection with the soil, who having held office under the Native Government as Nazims (Governors) or Chuckladars (Collectors of Government rents) or having farmed the revenue of extensive tracts, had taken advantage of the weakness of the Native Government and its indifference to all considerations of justice, so long as it received revenue, had abused the authority confided to them by that Government and by means of deeds of sale, sometimes extorted by violence, sometimes obtained by fraud, had become the nominal proprietors and the actual possessors of the villages, or the majority of the villages, which formed what they called Talookas or estates."

When the British assumed political power they found the proprietary rights in land in a state of chaotic confusion. The proprietary rights of the cultivators and the village communities had been usurped or overshadowed by big landholders over the greater part of the country. The Government was faced with two alternatives; either to clarify the position with regard to real ownership and to enter into direct revenue agree-

ments with village communities and individual cultivators or to recognise the old revenue farmers, called zemindars or taluqdars, as real proprietors and to make settlements with them. In Bengal, Bihar, the United Provinces, Northern Madras and a few other parts of India, the latter course was adopted. It was considered far simpler to enter into agreements with the *de facto* owners of the soil, especially as the constitution and claims of the village communities were highly complicated. But political considerations more than anything else weighed in favour of zemindari settlement. It was considered necessary to foster a class of big landlords on whose loyalty the Government could always count and who could be utilised as a bulwark against the discontent of the peasantry. Thus millions of cultivators were deprived of the rightful claim to the ownership of their holdings, and a handful of parasitic middlemen were made the full legal owners of the lands which had passed into their hands through force or fraud.

Canning replying to Outram in 1858, when after the Mutiny the lands of the Taluqdars of Oudh had been temporarily confiscated by the Government, observed "As a question of policy indeed the Governor-General considers that it may well be doubted whether the attempt to introduce into Oude a system of village settlement in place of the old settlement under the Talookdars was a wise one; but this is a point which need not be discussed here. As a question of justice it is certain that the lands and villages taken from the Talookdars had, for the most part, been usurped by them by force or violence..."

Under the Zemindari system the condition of the peasantry grew from bad to worse. The zemindars possessing unlimited powers over their tenants abused these powers to the full. Between the zemindar and the actual cultivator there grew up a chain of tenants and sub-tenants who together squeezed the poverty-stricken cultivator to the utmost. Rack renting became universal. Large

scale evictions of the peasants from their holdings for arrears of rent became a permanent feature of the land system. In addition to all this, the illegal exactions of the zemindars weighed heavily on the peasantry. The situation grew so bad that the Government was obliged to enact a few tenancy laws giving some security of tenure to certain classes of tenants. But these laws continued to be cleverly evaded and from time to time even violated by the zemindars.

Today the conditions of the peasantry in the zemindari areas is worse than it was in the past. Rack renting, evictions and illegal exactions continue unabated while the income of the peasants has, during the past few years, declined by at least fifty per cent due to an unprecedented fall in agricultural prices. Arrears of rent are mounting everywhere and the peasants are sinking deeper and deeper into debt slavery.

In the Ryotwari areas where the Government entered into revenue agreements not with the zemindars but with the peasant proprietors, the conditions are hardly any better. The exorbitant land revenue demands of the Government are crushing the smaller proprietors on whom the burden of indebtedness is becoming unbearable. Their lands are steadily passing into the hands of bigger landowners or moneylenders. A class of rich and powerful landholders is rapidly growing in all ryotwari areas, whose exactions from the tenants are comparable to those of the landlords in the zemindari areas. The ryotwari tenants do not have even the limited protection of Tenancy Laws.

Thus the great bulk of the Indian peasantry is crushed by incredible poverty, steeped in debt and subject to innumerable tyrannies of landlords and government officials.

The destruction of the cottage industries and the meagre growth of modern industry which followed it, has steadily increased the pressure of population on land. The population living on agriculture in 1881 was 58 per

cent. This increased to 61.06 in 1891, to 66.5 in 1901, and to 71.6 in 1921. In 1927 the Royal Commission on Agriculture considered that 73.9 per cent of the population lived on agriculture.

This increasing pressure on land has rendered most of the peasant holdings uneconomic. Dr. Harold Mann in his survey of a Deccan village observed: "It is evident that in the last sixty or seventy years the character of land holdings has altogether changed. In the pre-British days and the early days of British rule the holdings were of a fair size, most frequently more than nine or ten acres, while individual holdings of less than two acres were hardly known. Now the number of holdings is more than doubled and 81 per cent of these holdings are under ten acres in size while no less than 60 per cent are less than five acres." According to the Agricultural Journal of India for 1926, 23 per cent of the total holdings in British India were of one acre or less, 33 per cent were between one and five acres, 20 per cent between five and ten acres and 24 per cent over ten acres. The number of landless agricultural workers is at least 35 million in British India.

The smallness of the holdings coupled with the existing low prices of agricultural produce, has made it impossible for the bulk of the peasantry to meet the rent or revenue demands and to secure a meagre living, both at the same time, out of their annual earnings. In the case of a very large percentage of the holdings, the margin of profit is so small that almost nothing is left to the cultivator after he has paid his rent or revenue. Hence the indebtedness of the peasantry is increasing alarmingly. In 1930 the Central Banking Enquiry Committee estimated that the total rural indebtedness of British India was about Rs. 900 crores. All evidence goes to show that the indebtedness of the peasantry has almost doubled since that date and may be safely estimated to be Rs. 1500 crores today. The rate of interest charged by the money-lenders usually varies between 12 and 75 per

cent and sometimes as high as 300 per cent. Besides, the money-lenders taking advantage of the illiteracy and ignorance of the peasantry resort to various questionable practices, such as making wrong entries and manipulating figures in the registers, getting thumb impressions on blank sheets of paper before the money is advanced, etc. In some parts of the country servitude bordering on domestic slavery due to indebtedness is found. The Co-operative movement has not even touched the fringe of the problem of rural indebtedness; only a section of the richer peasantry has so far derived any benefit from it. The laws relating to usury passed in a few Provinces have also benefited either the big landholders or the richer peasants. The economic hold of the money-lender over the great majority of the peasants is today much greater than it has ever been in the past.

Some Economic Consequences of Imperialist Policy

We may now state briefly the economic consequences of the imperialist policy analysed above.

In India production per head of the population is extremely low as compared with other advanced countries of the world. The total production of India from both agriculture and industries, amounted to Rs. 71 per head in 1921-22. The corresponding per capita production, for the United Kingdom, was Rs. 531, for the U. S. A. Rs. 1003, for Canada Rs. 851, and for Japan Rs. 234.

The national income per head of the population is also one of the lowest. The following table which compares the per capita national incomes of different countries immediately before the commencement of the present world depression will be instructive.

Country	*Income per Capita* (Rs.)
British India	82
Japan	271
France	636
The United Kingdom	1092
Canada	1268
The U. S. A.	2053

Today, after the recent heavy fall in prices of agricultural goods, the per capita income in India can hardly exceed Rs. 50.

The semi-feudal relationships on land maintained by the British in India and the extreme poverty of the peasantry, has kept Indian agriculture in a primitive condition. The average yield per acre in India is one of the lowest in the world. The following figures for 1931-32 will illustrate this:

Yield per Acre

Country	*Rice lbs.*	*Wheat lbs.*
Italy	4,601	1,241
Japan	2,767	1,508
Egypt	2,356	1,688
The U. S. A.	2,112	973
The United Kingdom	..	1,812
Germany	..	1,740
India	1,357	652

As compared with most of the European countries, Indian agricultural production is about 50 per cent as efficient.

The agricultural population of all advanced countries of the world has been diminishing during the last 50 years, due to growing industrialisation, while that of India has been on the increase. At present 3 out of every 4 persons in India live on agriculture. The percentage of population employed in agriculture to the total

population is about 7 in England and Wales, 22 in U. S. A., 31.2 in Canada, 30.3 in Germany, 38.3 in France and 50.3 in Japan. This indicates the extremely meagre development of large-scale industries in India, and the systematic ruralisation of the country by British Imperialism.

The pressure of population on land has rendered a very large percentage of peasant holdings uneconomic. The average hoding for the whole of India would hardly exceed 5 acres, while in some provinces it is as small as 2½ acres.

The Indian peasantry is not only poverty-stricken but is also steeped in debt. The total rural indebtedness today is approximately Rs. 1500 crores.

The industrial backwardness of India is illustrated by the following figures. In 1930, there were only 8,148 industrial establishments in British India and the total capital of organised large-scale industries was estimated at Rs. 700 crores, of which not more than Rs. 300 crores belonged to Indians. As against this, in the United Kingdom, whose population is 13 per cent of the Indian population, there were, in 1928, 107,500 industrial establishments, and the total capital invested in industries alone was Rs. 7067 crores or about 23 times the total Indian capital. The United States of America, whose population is about 35% of that of India, had 174,136 industrial concerns with a capital of Rs. 23000 crores or about 75 times the share of Indian owned capital in Indian industries.

The number of persons engaged in large-scale organised industries in India was 1.5 million in 1930 or about 1 per cent of the total population. The percentage of population engaged in all kinds of industries, including cottage and other unorganised industries, was 10.2, whereas, in the United Kingdom it was 47.2, in the U. S. A. 32, in Germany 41.3, in France 33.3 and in Japan 19.5.

The following table shows that the annual income per head of the population derived from industry and agriculture in India is one of the lowest in the world.

Country	Income per head	
	Industries	Agriculture
	Rs.	Rs.
India	12	59
Japan	158	57
Sweden	384	129
The United Kingdom	412	62
Canada	470	213
The U. S. A. ..	721	175

In India the development of those industries which produce the means of production, as, for example, coal, iron, manufacture of machinery etc., has been extremely meagre. In 1931, the total production of coal in India amounted to only 22 million tons, while the United Kingdom produced 223 million tons, Germany 119 million tons, France 15 million tons and the U. S. A. more than the total amount produced by these three European countries together. India produces only about 500,000 tons of steel and imports about 1,000,000 tons every year, whereas America in the depression year 1930 produced 74,000,000 tons of iron and steel. India is still almost entirely dependent on foreign countries for her machinery.

India has potential water power resources of about 27 million horse power, but the hydro-electric power actually developed is 0.8 of a million horse power or only 3 per cent, whereas, the U. S. A. has developed 33 per cent of her resources, France 37 per cent, Japan

37 per cent, Germany 55 per cent, and Switzerland 72 per cent.

The total production of electricity in India is approximately 1.8 billion kilowatt hours. As against this, Japan produced, in 1931, 14 billion kilowatt hours and America 115 billion kilowatt hours.

India employs less of machinery and more of human labour than any other industrially developed country of the world and therefore her daily output of work per capita is exceedingly low, being 0.47 as compared to 13.38 in the U. S. A., 13.03 in Canada, 6.65 in Great Britain, 6.04 in Germany, 4.35 in France and 1.75 in Japan.

The total railway mileage of India is only about twice as much as of Great Britain although in area India is about twenty times as large as Great Britain. The Indian railway mileage is only about one-sixth of the mileage of the U. S. A.

As regards shipping, India has no position in the world as a maritime power. About 99 per cent of her seaborne trade is carried by non-Indian vessels.

India's trade has languished while other countries have progressed. At the beginning of this century, India's trade was twice as large as that of Canada and thrice as large as that of Japan. But today, both of these countries having developed their trade and industry during the War and the post-War period, have a larger trade than India. The normal per capita foreign trade of India is about Rs. 18, which is perhaps the lowest for any country in the world.

The meagre development of industry and trade is reflected in the comparatively small number of banking institutions in the country. In 1930, there were in India only 880 banking institutions with a capital of Rs. 25.45 crores and total deposits amounting to Rs. 227.66 crores. The U. S. A. had in 1931, 22071 banking concerns with a capital amounting to Rs. 3,541 crores and deposits of Rs. 13788 crores. The United Kingdom

had in 1932, 12557 institutions having a capital of Rs. 316.5 crores and deposits of Rs. 3226.5 crores. The corresponding figures for Japan in 1930 were 8676 banking institutions with a capital of Rs. 362 crores, the deposits in 1929 being Rs. 1407.5 crores.

The backwardness of Indian trade and industry can also be seen from the comparatively small development of Joint Stock enterprise in the country. In 1930-31 there were only 6,675 Joint Stock Companies in British India with a total paid-up capital of Rs. 271.3 crores. As against this the U. S. A. had in 1927, 475,031 Joint Stock Companies with a paid-up capital of Rs. 22810 crores; Great Britain had, in 1929, 110,139 companies and a paid-up capital of Rs. 4330 crores, while Japan had in 1931, 57,226 companies and a paid-up capital of Rs. 1860 crores.

These facts are enough to prove conclusively how India, which is potentially one of the richest countries in the world, has been deliberately kept industrially backward and undeveloped by British Imperialism, which, having successfully achieved the aims with which it conquered India, has built up the wealth, power and prestige of the British ruling classes on the exploitation of the Indian people. It has left India one of the poorest countries in the world, backward in industry and agriculture, her economic resources meagrely developed and in the grip of foreign capital, her society semi-feudal in structure and the mass of her people, illiterate, poverty-stricken and diseased, living on the verge of starvation and at an extremely low cultural level.

Section II

FINANCIAL ASPECTS OF BRITISH RULE

CHAPTER II

Fiscal Autonomy of India

In order to ensure the continuity of her imperialist policy, Great Britain has maintained in India, a highly bureaucratic and authoritarian system of Government, which being completely independent of the will of the people, carries out with remarkable thoroughness the dictates of the British ruling classes. Control over the purse being the essence of Sovereignty, financial powers have been completely monopolised by the British Parliament and its bureaucratic agents in India. The Secretary of State for India has always exercised a strict control over Indian finances, and in all financial matters the Viceroy and the Governors have been granted the power of overriding the decisions of the Legislatures. Indian public revenues have been collected and spent in a way as to subject the people to excessive taxation for meeting an enormous unproductive expenditure on the Indian Army and the maintenance of Law and Order in the country. The Central Government has, throughout, monopolised the most profitable sources of revenue, leaving many provinces, in a state of chronic deficit.

The new Constitution in its financial aspects is a distinct attempt at perpetuating the stranglehold of British Imperialism over Indian economic life. It imposes on Indian Legislatures such statutory restrictions as would make it impossible for them to help and encourage the trade and industry of their country. It guarantees perfect security, nay, a position of unique

importance and privilege to British commercial and industrial interests in India. It safeguards the present enormous expenditure on the Army and the Imperial Services. It maintains the extremely heavy burden of Public Debt intact. It leaves the provinces such insufficiency of resources that no development of the nation-building services is possible. In short, however we may look at it, the new Constitution aims at perpetuating the economic bondage of India.

An analysis of the financial policy of British Imperialism in India raises three important questions, namely, the fiscal autonomy of India, popular control over finances and the financial autonomy of the provinces. We shall consider the first in this chapter, reserving the other two for the following chapters.

Fiscal autonomy implies that the territory enjoying such autonomy is not subject to any external control in matters relating to its economic policy; that it is free to conclude such tariff or other commerical treaties with foreign countries as suit its interests and also to adopt any measures which aim at encouraging its trade and industry at home. Does India enjoy such fiscal autonomy?

Until the introduction of the Reforms of 1919 the fiscal policy of the Government of India was openly dictated by the Secretary of State for India. During the earlier days of the East India Company, the British Parliament had placed certain statutory restrictions on the Company's borrowings in England, had imposed a limit on the Company's dividends and had obliged it to submit its accounts to the British Treasury. Since 1784 Parliament was able to supervise over the affairs of the Company through the Board of Control whose President exercised extensive powers in relation to Indian affairs. After the transfer of India to the Crown in 1857, the Secretary of State for India, who replaced the President of the Board of Control, was given by Parliament the authority to "superintend, direct and control" all

matters relating to the revenues of India which were vested in the Crown and for the management of which the Secretary of State was made solely responsible. The control of the Secretary of State over Indian finances remained absolute until the beginning of the Montague-Chelmsford Reforms. As the Simon Commission observed, "In practice he (Secretary of State) issued a "resolution" amended from time to time indicating precisely the limits of expenditure which the Governor-General in Council could incur without previous reference to him, while the Government of India in its turn by means of elaborate codes and regulations maintained a rigid control over provincial expenditure. All proposals for provincial or central taxation required his previous sanction and no loans could be raised in India by the Government without his consent. The central budget, which down to 1920 included not only the direct transactions of the Government of India, but also those of the provinces, received his approval before it was presented to the Legislature." (Indian Statutory Commission. Vol. I, p. 368).

The Reforms of 1919 did not make any important statutory change in the situation, but the Joint Select Committee which examined the constitutional proposals of the Government of India Bill of 1919 observed as follows :—

"Nothing is more likely to endanger the good relations between India and Great Britain than a belief that India's fiscal policy is dictated from Whitehall in the interests of the trade of Great Britain. That such a belief exists at the moment there can be no doubt..... A satisfactory solution of the question can only be guaranteed by the grant of liberty to the Government of India to devise those tariff arrangements which seem best fitted to India's needs as an integral portion of the British Empire. It cannot be guaranteed by statute without limiting the ultimate power of Parliament to control the administration of India, and without

limiting the power of veto which rests in the Crown; and neither of these limitations finds a place in any of the statutes in the British Empire. It can only therefore be assured by an acknowledgment of a convention. Whatever be the right fiscal policy for India, for the needs of her consumers as well as for her manufacturers, it is quite clear that she should have the same liberty to consider her interests as Great Britain, Australia, New Zealand, Canada and South Africa. In the opinion of the Commitee, therefore, the Secretary of State should, as far as possible, avoid interference on this subject when the Government of India and its Legislature are in agreement, and they think that his intervention, when it does take place, should be limited to safeguarding the international obligations of the Empire or any fiscal arrangements within the Empire to which His Majesty's Government is a party."

These recommendations were construed to represent an important change in the fiscal relations, between India and Great Britain. It was maintained by the sponsors of the Reforms that for all practical purposes they gave fiscal autonomy to India, and their importance was emphasised by giving them the status of a 'Fiscal Autonomy Convention.'

Sir George Rainy, speaking on behalf of the Government of India in March 1930, gave the following interpretation of the Fiscal Autonomy Convention:

"The Fiscal Autonomy Convention means this, that while there is always previous consultation with the Secretary of State, the final decision as to proposals to be placed before the Legislature rests with the Government of India and with no one else. In this respect, apart from the previous consultation with the Secretary of State the position of the Government of India is that of a Dominion Government which decides for itself the proposals it will place before the Legislature. As soon as the Legislature arrives at a decision, one of two things happens. The Government of India and the

Legislature are in agreement and in that case everything proceeds as in a Dominion. If the Government of India and the Legislature fail to agree, there is a difference. In India under the present Constitution, the actual effect is that the Convention ceases to operate and the Government of India come once more under the control of the Secretary of State, for as soon as the Government of India and the Legislature fail to agree the Convention is at an end. (Legislative Assembly Debates, March 27, 1930).

Thus, what goes by the name of Fiscal Autonomy in India is not based on any statutory or constitutional enactment, but on a conventional understanding of the remarks made by the Joint Select Committee of the Government of India Act of 1919.

The Fiscal Autonomy Convention was in reality a mere formal gesture by the British Parliament and not any substantial concession to Indian interests. In the first place, the Reforms did not give the Indian Legislatures any statutory power to shape independently the fiscal policy of the country. Secondly, the Governor-General, as the custodian of British Imperial interests in India, was vested with very extensive powers in fiscal matters. Lastly, the Reforms did not materially reduce the control of the Secretary of State over Indian finances. As the Simon Commission observed: "Over the financial administration of the Central Government the Secretary of State still maintains a control more rigid than over any other sphere of administration, except perhaps defence and foreign relations. Indeed, although there has been a general tendency for his control to be relaxed, the Government of India, would, we think, contend that on some occasions in the past the directions of the Secretary of State on some financial questions have reduced the Government of India to the position of a subordinate agency." (Statutory Commission Report, Vol. I, p. 376).

In actual practice the Convention did not give the

Indian Legislatures any measure of freedom in fiscal matters. It has been argued in certain quarters that, "the Convention has produced some moral effect on the fiscal relation between India and Great Britain." In support of this view, the recent increase in tariff duties and the granting of limited protection to certain Indian industries, is adduced as an argument. But it is forgotten that these tariff changes have been largely dictated by the financial needs of the Government of India. Whenever the Indian Legislature and the Government of India have come into conflict, as on the recently enacted Indo-British Agreement, the Government has had its way and accepted the Agreement in spite of the adverse vote of the Legislature. In 1934 the Convention and Protocol regarding the commercial relations of India with Japan was signed in London. But, even if a few tariff concessions have been granted, all other aspects of the fiscal policy have remained unchanged and have been openly dictated by British Imperial interests. On the whole, therefore, whether we look to the provisions of the Government of India Act of 1919 or to the practical implications of the so-called Fiscal Autonomy Convention, India has not enjoyed any measure of fiscal autonomy in the real sense of the term.

What will be the position of India in fiscal matters under the new Constitution? The key to the problem is provided by the following remarks of the Joint Parliamentary Committee which examined the proposals of the White Paper:—

"As is well known the fiscal relations between the United Kingdom and India have now been regulated for some thirteen years by the recommendations of the Joint Committee on the Bill of 1919—commonly known as the Fiscal Convention..... But with the passing of a new Constitution Act on the lines of the recommendations which we make in this Report, the Convention in its present form at all events, will necessarily lapse."

The Committee added: "Fears have, indeed, been expressed lest the exercise by the Indian Legislature of the powers contemplated in the Convention might result in the imposition of penal tariffs on British goods or in the application to them of penally restrictive regulations with the object not of fostering Indian trade but of injuring and excluding British trade.....But if this be so, it would be clearly of great advantage to allay the fears of which we have spoken by a declaration through and under the Constitution Act of the principles governing the relations between the two countries. The machinery of the Governor-General's special responsibilities, supplemented by his Instrument of Instructions, offers India and the United Kingdom the opportunity of making such a declaration of principles, while at the same time ensuring the necessary flexibility in their interpretation and application."

The Committee, therefore, recommended: "That to the special responsibilities of the Governor-General enumerated in the White Paper there should be added a further special responsibility defined in some such terms as follows: 'The prevention of measures, legislative or administrative, which would subject British goods, imported into India from the United Kingodm, to discriminatory or penal treatment..... It should further be made clear that the discriminatory or penal treatment includes direct discrimination (whether by means of differential tariff rates or by means of differential restrictions on imports) and indirect discrimination by means of differential treatment of various types of products; and that the Governor-General's special responsibility could also be used to prevent the imposition of prohibitory tariffs or restrictions, if he were satisfied that such measures were proposed with the intention already described.' "

The Committee further expressed fears lest there should be any discrimination against British trading and commercial interests in India and therefore recommended

that the Government of India Act should include provisions preventing Indian Legislatures from adopting any discriminatory measures (1) against persons domiciled in the United Kingdom in regard to entry into British India or in regard to "taxation, travel and residence, the holding of property, the holding of public office or the carrying on of any trade, business or profession in British India," (2) against companies incorporated in the United Kingdom but carrying on business in India and (3) against British shipping interests in India.

For the prevention of discrimination in this respect, the Committee recommended that the Governor-General and the Governors be vested with a special responsibility as in the case of tariffs. It observed, "It will be the duty of the Govenor-General and of the Governors to exercise their discretion in giving or withholding their assent to Bills. And we think that the Instrument of Instructions should make it plain, as we have already indicated in connection with the Governor-General's special responsibility in relation to tariffs, that it is the duty of the Governor-General and of the Governors, in exercising their discretion in the matter of assent to Bills, not to feel themselves bound by the terms of the statutory prohibitions in relation to discrimination, but to withhold their assent from any measure, though not in form discriminatory, would in their judgment have a discriminatory effect ...We further recommend that the Instrument of Instructions of the Governor-General and the Governor should require him, if in any case he feels about whether a particular Bill does or does not offend against the intentions of the Constitution Act in the matter of discrimination, to reserve the Bill for the signification of His Majesty's pleasure."

In accordance with these recommendations, the Fiscal Autonomy Convention lapses with the introduction of the new Constitution, and the new Government of India Act imposes a number of statutory restrictions on the freedom of action of the Indian Legislatures in

fiscal matters. These restrictions, commonly known as safeguards, are divided into two categories (1) provisions preventing discrimination against the import of British goods into India and (2) provision preventing discrimination against British commercial and trading interests in India.

The Joint Committee believed that discrimination may be of two kinds, administrative or legislative. They were satisfied that any statutory prohibition of administrative discrimination would be impracticable. Therefore they recommended that full statutory provisions be made against legislative discrimination, in addition to which a special responsibility be imposed on the Governor-General and the Governors for the prevention of all forms of discrimination.

Let us now try to analyse the specific provisions of the new Constitution concerning discrimination, and their implications.

Prevention of discrimination against British imports into India is secured by Section 12 of the Government of India Act, which defines the special responsibilities of the Governor-General. One of these special responsibilities is "the prevention of action which would subject goods of the United Kingdom origin imported into India to discriminatory or penal treatment." Section 12(2) lays down that in the discharge of his special responsibilities the Governor-General shall exercise his individual judgment as to the action to be taken. Section 9(3) provides that the decision of the Governor-General in the exercise of his functions involving any one of his special responsibilities shall be final and the validity of anything done by him "shall not be called in question on the ground that he ought or ought not to have acted in his discretion or ought or ought not to have exercised his individual judgment." The Governor-General, in so far as he acts in his discretion, has been placed under the general control of the Secretary of State by Section 14(1) but the same section provides

that "the validity of anything done by the Governor-General shall not be called in question on the ground that it was done otherwise than in accordance with the provisions of the section."

In accordance with the recommendations of the Joint Parliamentary Committee, the Instrument of Instructions to the Governor-General has defined his special responsibility in respect of tariffs to include (1) direct discrimination whether in the form of differential tariff rates or differential restrictions on imports, (2) indirect discrimination in the form of differential treatment of various types of products, (3) prohibitory tariffs and (4) any other measure which may be discriminatory in effect, though not so in form.

It is obvious from the above, that discriminatory or penal treatment of British goods has ben defined in so comprehensive a manner that virtually any tariff passed by the Federal Legislature in the interest of Indian industries may be ruled out by the Governor-General. India exports more to foreign countries than to Great Britain but under the new Constitution it would be difficult for India to conclude any favourable commercial treaty with non-Empire countries on the basis of reciprocity since British goods must in every tariff enjoy a high degree of preference. Further, the Governor-General may prohibit the imposition of any retaliatory or bargaining tariff against any foreign country on the ground that such tariff will have an adverse effect on the export of British goods to that country. In fact, the Governor-General would be justified in exercising his special responsibility if any British industry could show that Indian tariff arrangements were in any way unfavourable to it.

The new Constitution in this respect, is a distinctly retrograde step. Whereas under the Constitution of 1919 Fiscal Autonomy of India was at least nominally recognised, the Federal scheme has completely circumscribed the liberty of the Indian Legislature by well-defined statu-

tory restrictions. Henceforth India will be condemned to adhere to a policy of Imperial Preference, which, as we have shown elsewhere, is highly injurious to Indian exports and to the interests of Indian consumers. In fact, even the present limited protection enjoyed by Indian industries stands in danger of being substantially reduced under the new scheme.

Complete protection to British commercial and trading interests in India is granted by Sections 111-118 of the Act.

Section 111(*a*) permits an unlimited immigration into India of persons domiciled in the United Kingdom by exempting them from any law made by the Federal or Provincial Governments imposing restrictions on the entry of foreigners into British India. Sub-section (*b*) of Section 111 exempts British subjects domiciled in the United Kingdom from any law made in India which imposes restrictions on "the acquisition, holding or disposal of property, the holding of public office or the carrying on of any occupation, trade, business or profession. An appearance of reciprocity is given to these provisions by enacting that India can impose on persons domiciled in the United Kingdom any restrictions which the United Kingdom imposes on persons domiciled in British India.

These provisions obviously mean that the Indian legislatures will not be allowed to dislodge the foreigners from the position of privilege which they occupy in the economic life of the country. The higher rungs of Indian public services and the best paid appointments in British firms and companies trading in India are virtually monopolised by the British. Besides, a large number of British merchants, commercial agents, professional men etc. carry on their activities unhampered in the country. The reciprocal concessions granted to India in this respect are meaningless since the number of Indians who are either engaged in trade or industry or who follow any profession in Great Britain is insigni-

ficant, while Indians are never recruited to the British public services. The net result of these provisions would therefore be to keep India permanently as a rich preserve for the British people.

British companies trading in India have been made completely independent of the control of the Indian Federal or Provincial Governments. Section 113 exempts British companies incorporated under the laws of the United Kingdom and the members of their governing bodies, share or bond holders, officers, agents, servants etc., from the provisions of the Indian Company Law. The Indian Legislatures can neither oblige a British company trading in India to be incorporated under the laws of India, nor impose on it any restrictions regarding situation of its registered office, or the currency in which its capital is expressed or the nationality, domicile, residence etc. of the members of its governing body, the holders of its shares and debentures, officers, agents and servants. The section further provides that British companies in India shall receive the same treatment as Indian companies, regarding partial exemption from or preferential treatment in respect of taxation imposed by Federal or Provincial law. All these privileges enjoyed by British companies in India have been made reciprocal by providing that India shall grant these concessions to British companies only so long as the United Kingdom grants similar concessions to companies registered in India.

Section 112 provides that in the matter of taxation British and Indian companies shall be treated equally.

Another important provision embodied in Section 116, lays down that companies incorporated in Great Britain but trading in India, shall be eligible for any grant, bounty or subsidy paid out of Indian revenues, for the encouragement of trade and industry, to the same extent as Indian companies. This concession again is made reciprocal.

We have already noted the extent to which British capital has penetrated into Indian economic life. In

1922-23 there were 720 foreign companies operating in India with a total paid-up capital of £ 487 million. By 1931-32 the total number of these companies had risen to 911 and the total paid-up capital to £ 756 million or Rs. 1,008 crores. The most important of these companies were :—

	No.	Paid-up capital in £ million.
Banking and Loans	29	99.3
Insurance	143	80.4
Navigation	18	41.3
Railway and Tramways ..	18	24.8
Trading and Manufacturing Companies	359	309.8
Tea	180	28.2
Mining and quarrying (other than gold)	34	113.4
Jute Mills	5	2.8

These companies are not only responsible for the annual transfer of millions of pounds from India to Great Britain, as their profits and other payments abroad, but wield all their power and influence to keep Indian business in foreign hands. It is well known that British banks in India discriminate against Indian business interests. The young Indian industries and commercial companies, being financially much weaker, cannot possibly compete with these powerful foreign concerns, and have therefore to put up a desperate struggle for existence. If Indian trade and commerce is to develop, Indian companies need protection from competition with foreign interests in the country, but the new Constitution makes it *ultra vires* to give any special protection whatsoever to Indian business interests.

The exemption of British companies from the provisions of Indian Company Law means that Indian

customers of these companies may remain completely ignorant of their financial position, their assets and liabilities and may therefore suffer heavily in cases of liquidation. The provision regarding the equal treatment of British and Indian companies in respect of partial exemption from income tax implies that the Indian exchequer will have to suffer in the interests of foreign concerns. Equality of treatment in regard to grants, bounties, subsidies etc. also means that Indian tax-payers will pay for fostering foreign commercial and trading interests in the country.

The External Capital Committee examined the problems created by the "flow of capital into India from external sources" and suggested the development of India's capital resources as the only solution. But this would be impossible under the political and economic arrangements set up by the new Constitution. The protective tariff of the post-War period has stimulated very considerably the flow of foreign capital into the country. Between 1922-23 and 1931-32 the total paid-up capital of foreign companies in India increased by 55 per cent. The privileges granted to foreign companies by the new Constitution will undoubtedly give a further stimulus to the establishment of non-Indian industrial concerns behind Indian tariff walls.

Reciprocal treatment is again entirely delusive since the stake of the Indian investor in Great Britain is insignificant and the number of Indian firms and companies trading in Great Britain is negligible. Official statistics are not available on this point, but according to the Indian Chamber of Commerce in Great Britain there were, in 1934, only 42 Indian firms trading in the United Kingdom, which included 10 importing and exporting firms, 5 exporting firms, 5 oriental art-ware firms, 3 restaurants, 2 condiment firms, 4 pearl brokers' firms, 1 carpet firm, 1 tobacco importer's firm etc. Nor is there any likelihood of an increase in the number of these firms in the future as it is difficult for them to compete

successfully with the powerful and well-organised British trading interests. Thus, reciprocity will work to the exclusive advantage of one party alone namely, Great Britain, while Indian trade and commerce will be subjected to such serious handicaps as are bound to have an extremely harmful effect on their future development.

British shipping interests in India are perfectly safeguarded by Section 115 which provides that "No ship registered in the United Kingdom shall be subjected by or under any Federal or Provincial law to any treatment affecting either the ship herself or her master, officers, crew, passengers or cargo, which is discriminatory in favour of ships registered in British India." An appearance of reciprocity is given to this provision by enacting that Indian shipping interests in Great Britain shall be similarly immune from any discriminatory law.

It is obvious that under this provision it would be impossible for the Indian Legislatures to give help or encouragement to Indian shipping. A Bill similar to the one introduced in the Legislative Assembly by Mr. S. N. Haji in 1928, which aimed at reserving the coastal traffic of India to Indian vessels, would be *ultra vires* under the new Constitution. Reciprocity here again is entirely meaningless. British shipping interests control the great bulk of the coasting and oceanic trade of India, the share of Indian vessels in the coasting trade being only about 13 per cent and in the oceanic trade about 2 per cent. In the seaborne trade of the United Kingdom Indian vessels have practically no share. Reciprocity therefore means that India will not be allowed to promote her shipping interests and the predominance of British vessels in Indian seaborne trade will remain unchallenged.

As stated above the special responsibility of the Governor-General and the Governors includes the prevention of discrimination both legislative and administrative, whether direct or indirect. In legislative matters, the Governor-General and the Governors will

interpret the above statutory provisions and will then decide in their own discretion if any legislative measure involves their special responsibility. But in the administrative sphere, it has been completely left to them to decide as to what constitutes administrative discrimination. However, some idea as to what would be considered administrative discrimination may be had from the following extracts from the evidence given by Sir Samuel Hoare before the Joint Select Committee on November 6, 1933.

Marquess of Zetland: Supposing a Provincial Government calls for tenders, it may be for the Public Works Department, for contracts for road making or building or anything of that kind, and supposing the British tender on its merits is quite obviously the best, but supposing it is not accepted by the Provincial Government, but a tender by a purely Indian firm is accepted, it seems to me that that is the sort of case of discrimination which might arise. Would the Governor in those circumstances be justified in calling for the tenders, examining them and saying, "No, on the merits of the case, it is quite clear that the tender put in by the British firm is the most advantageous to the Provincial Government" and for that reason, and for that reason alone, laying down that the British tender would have to be accepted?

Sir Samuel Hoare: Certainly, if it was a serious case.

Sir Austen Chamberlain: Suppose the Governor found that tenders were awarded to Indian firms, irrespective of price, I suppose you would hold that that was discrimination and that the Governor should interfere?

Sir Samuel Hoare: I should think certainly, in a case of that kind, the Governor would demand an enquiry and would satisfy himself that there had been discrimination. If he was satisfied that there had been discrimination, he would intervene.

Sir Austen Chamberlain: Take the case where tenders are not called for publicly but where it is alleged that the Government, having both Indian and British firms well fitted to tender, calls for tenders from the Indian firms only. Would that be an occasion for the Governor to act?

Sir Samuel Hoare: I would certainly say it would be a case for the Governor to hold an enquiry and satisfy himself whether or not there had been discrimination.

Sir Austen Chamberlain: Would it be within his power if, as a result of the enquiry, he found there had been discrimination, to cancel the contract?

Sir Samuel Hoare: His power is unlimited and undefined.

Sir Austen Chamberlain: Could he hold up the contract pending an enquiry?

Sir Samuel Hoare: Yes.

The above replies of Sir Samuel Hoare leave no doubt as to the amount of freedom an Indian Minister would enjoy in matters relating to trade and commerce, under the new Constitution, which would prevent any protection being given to Indian industry, shipping or commerce and would maintain the present supremacy of British finance capital in India.

CHAPTER III

POPULAR CONTROL OVER FINANCES

Legislative control over public revenues and expenditure is the real test of democracy. In all democratically governed countries of the world, the Legislature has a monopoly of financial powers, and control over the purse is one of the most jealously guarded legislative rights. The position is, however, entirely different in India. Until the beginning of the Montague-Chelmsford Reforms of 1919, the Executive, composed of the Governor-General in Council at the Centre, and the Governors in Council in the provinces, exercised complete control over financial matters. The so-called Legislative Councils had no say whatsoever in the collection and expenditure of public revenues.

The Reforms of 1919 brought about some change in the situation. In the Central Government, a small part of the expenditure was made votable by the Legislature, but over 80 per cent of the total expenditure still remained non-votable, or under the complete control of the Governor-General in Council. The non-votable items included, expenditure on the Army, Political and Ecclesiastical Departments, Public Debt, Salaries and Pensions payable to persons appointed by the Secretary of State or to their dependents. But even the votable part of the budget was not exclusively controlled by the Legislature. If the Legislative Assembly rejected any financial demand included in the budget, the Governor-General in Council was empowered to restore the rejected demand by declaring that he was satisfied that the demand was essential to the discharge of his special responsibilities. The exercise of this power by the Gover-

nor-General called the 'restoration' of a rejected financial demand, has been resorted to on numerous occasions since the commencement of the Reforms. Thus, the Reforms did not transfer any real financial powers to the Central Legislature, which was allowed merely to vote on a small part of the budget but which could not enforce its will against the decisions of the Executive.

In the provinces, the Reforms introduced a system of dyarchical government under which the Provincial Legislatures were given a larger control over a few nation-building departments, called Transferred Departments, of which the most important were Public Health, Education, Public Works, Agriculture, Local Self-Government, and Development of Industries. The remaining departments were called Reserved Departments as they continued to be under the exclusive control of the Governor-in-Council. The most important of the Reserved Departments were Justice, Police, Prisons, Land Revenue, Administration, Irrigation, Famine Relief, Control of Newspapers, Books and Printing Presses, and Factory Inspection.

The Provincial Legislatures were given the right of voting on the whole of the provincial budget, but if the demand for a grant relating to a Reserved Department was refused by the Legislative Council, the Governor could certify that the rejected demand was essential to the discharge of his responsibility for the Department and thereafter the demand was to be considered as having been passed and accepted by the legislature. If the rejected demand related to a Transferred Department, the Governor could restore the amount demanded only if he certified that his interference in the matter was necessary in the interest of the safety and tranquillity of the province or of the adequate functioning of any Department. Thus, the Governor was granted the deciding voice in all financial matters. His financial powers were made so comprehensive that he could interfere in the transferred part of the budget as easily as in the

reserved part. That the Governors have exercised these powers very frequently against the will of the Legislature was recognised by the Simon Commission which observed, "The powers of restoration of rejected demands for reserved subjects have been fairly frequently used..... in 1924-25 in the Central Provinces, as in Bengal, demands for grants were rejected wholesale, as part of the wrecking policy of the Swarajists, and had to be restored. Frequent, though not extensive, use of restoration has been necessitated elsewhere by the too common practice of rejecting a demand for a grant, instead of only moving a token reduction, as a means of attacking Government in connection with some particular branch of administration on the reserved side.....Rejection of demands on the transferred side have been less frequent. When they have occurred, they seem to have been usually directed by a desire to effect economy." The rejected demands on the transferred side were less frequently restored because most of the Transferred Departments were nation-building departments, which have never received adequate attention from the Government. The interference of the Governors in financial matters has had throughout only one aim, namely, to secure adequate resources for the Reserved Departments at the cost of the Transferred Departments. In fact, the former were allowed to monopolise such a large percentage of the provincial revenues that the nation-building services were left undeveloped and starving.

Thus, both at the Centre and in the provinces the Reforms of 1919 gave no effective financial powers to the Legislatures.

This monopolistic control of the Executive over the finances of the country is defended by the spokesmen of British Imperial interests on the ground that the Parliament has a special responsibility to maintain an adequate defence force in India, to maintain the credit of the country, to see that the interests of British investors in India are not damaged and to ensure the pay

and pensions, family pensions and provident funds of all officials recruited by the Secretary of State.

How far does the new Constitution change this position? The Government of India Act of 1935 divides the Central expenditure into two categories, namely, (1) expenditure charged upon the revenues of the Federation and (2) expenditure proposed to be made from the revenues of the Federation. The first is non-votable by the Federal Legislature, and includes expenditure on defence, ecclesiastical affairs, political department, public debt, excluded areas, the salaries and allowances of the Governor-General, his counsellors, advisors, ministers, the advocate-general, the chief commissioners and judges of the Federal Court. All these items together cover more than 80 per cent of the expenditure of the Central Government. The Governor-General alone is empowered to decide whether any proposed expenditure does or does not relate to any of the non-votable items and his decision must be final.

The rest of the expenditure called "Expenditure proposed to be made from the revenues of the Federation" is votable, but it constitutes slightly over 15 per cent of the Central expenditure. Even this expenditure is not entirely under the control of the Federal Legislature. The Governor-General is empowered to restore, in his discretion, any grant fully or partially rejected by the Federal Legislature if he considers it necessary for the due discharge of his 'Special Responsibilities.' These Special Responsibilities are, however, so comprehensive and so very elastic in scope and singificance that the Governor-General can restore every grant reduced or rejected by the Legislature. It is also noteworthy, that while under the Constitution of 1919 a grant rejected or reduced by the Legislature could be restored only by the *Governor-General in Council*, under the new Constitution, the Governor-General *alone* is made competent to restore a grant in his own discretion. Besides, the Federal Legislature cannot exercise any financial power

in the field of taxation, expenditure and borrowing without the previous sanction of the Governor-General.

But this is not all. In order to give complete protection to British capital invested in India, the Federal Reserve Bank and the Railways have been made independent of the control of the Federal Legislature. The Governor-General is empowered to appoint and remove, in his own discretion, the Governor and Deputy Governor of the Reserve Bank, to supersede its Central Board of Directors, to take any other action consequent thereon and even to put the Bank in liquidation. Previous sanction of the Governor-General is necessary for any "bill or amendment which affects the coinage or currency of the Federation or the Constitution or Functions of the Reserve Bank of India." This means that bureaucratic control over the banking system of the country will be complete in the interest of British Capital invested in banks and industries. The continued domination of British interests over Indian Railways, in which a very large amount of British Capital has been invested, is secured by creating a special body called the "Federal Railway Authority" which is made responsible for the regulation, construction, maintenance and operation of the railways. The Governor-General is authorised to appoint no less than three-sevenths of the members and may even appoint all the seven including the President. The Railway Authority is made absolutely subordinate and directly responsible to the Governor-General and not to the Federal Legislature. This means that the Railways will continue to remain a big source of profits to British investors and British heavy industries. The railway rates will also continue to be manoeuvred for the cheap marketing of British goods. The Indian Federal Legislature will not be allowed to give special facilities for the marketing of Indian goods, and the building up of a sound heavy industry in India, to supply locomotives, wagons and other iron and steel products to the railways, will be made impossible.

The enormous salaries and allowances of the officers of the Imperial Services have also been made independent of the control of the Indian Legislatures. The Secretary of State will continue to make appointments to the Imperial Services, and the members of these services have been granted the right of appeal to the Secretary of State against a Minister's order which (1) punishes or formally censures an Imperial officer or (2) alters to his disadvantage any rule by which his conditions of service are regulated, or terminates his appointment otherwise than upon his reaching the age fixed for superannuation.

In the provinces, the new Constitution has abolished Dyarchy, but the Governor has been vested with the same financial powers as the Governor-General at the Centre. The provincial expenditure has also been divided into two catagories, namely, (*a*) expenditure charged upon the revenues of the province and (*b*) expenditure proposed to be made from the revenues of the province. The former is non-votable by the provincial legislature and includes, the salary and allowances of the Governor and other expenditure relating to his office, debt charges for which the province is liable, salaries and allowances of the Ministers and of the Advocate General, salaries and allowances of judges of the High Court, and expenditure on excluded areas. The rest of the provincial expenditure is votable but no demand for a grant can be made except on the recommendation of the Governor. Moreover, the Governor is empowered to restore any grant rejected or reduced by the Legislature for the due discharge of his special responsibilities, which, like the special responsibilities of the Viceroy, are so very comprehensive and indefinite that it will be quite competent for the Governor to restore in case of necessity, every single grant rejected by the provincial legislature.

Thus, the new Constitution brings about no change in the financial powers of the Legislatures both at the Centre and in the provinces. If there is any change at all

it is for the worse, as the special responsibilities of the Viceroy and the Governors have been made more comprehensive and explicit. The Executive will, as of old, continue to monopolise financial powers and the so-called Federation and Provincial Autonomy will remain a farce.

CHAPTER IV

FINANCIAL AUTONOMY OF THE PROVINCES

The division of total public revenues between the Central and Provincial Governments is a matter of considerable importance. In almost all countries, nation-building departments, such as, Education, Health and Sanitation, Industry etc., are entrusted to Local or Provincial Governments, while the Central Government looks after such wider interests of the country as Defence, Foreign Relations, Currency and Exchange, Tariffs etc. It is obvious that if the nation-building services are to develop, the Central Government must allow the Local or Provincial Governments adequate resources to do so. But if, on the other hand, the Central Government monopolises the bulk of the revenues for expenditure on Defence and other services under its control, the nation-building services are bound to suffer. Hence, all advanced countries of the world, as a rule, guarantee sufficient resources to the Local or Provincial Governments. In India, however, the position is different. While the Indian provinces have been entrusted with all the nation-building departments, the Central Government monopolises such a large percentage of the total revenues, that the amount left for Education, Health, Industry, Agriculture etc., is almost negligible. The expenditure on the Indian Army is exceedingly high. Besides, both at the Centre and in the provinces, an extremely top-heavy and expensive system of administration is maintained. Defence and Civil Administration, including the maintenance of law and order, together constitute the so-called Essential Services of the Government, and claim about 80 per cent of the total

public expenditure.

Financial Autonomy of the provinces is acclaimed by the sponsors of the new Constitution as a great step forward, which would ensure the rapid development of the nation-building services. It is maintained that, henceforth, the provinces would be completely free from the interference of the Central Government and would be at complete liberty to spend their revenues as they consider best. Such freedom is, however, meaningless unless the provinces are allowed sufficient resources to expand their nation-building services substantially. But as we shall see below, the inordinately high expenditure on the Army and the so-called Essential Services both at the Centre and in the provinces has consistently starved the nation-building services in the past and will continue to do so under the financial arrangements set up by the new Constitution.

Development of Provincial Finance

In the earlier days of the East India Company, the different parts of the Company's territory were virtually autonomous in financial matters. The absence of an effective Central Government and the difficulties of communication made a centralised control and co-ordination of public revenues and expenditure extremely difficult. The Regulating Act of 1773 was intended to change the situation radically by introducing a thorough-going centralisation into the financial system. All revenues were to be collected by the local authorities on behalf of the Central Government and no expenditure was allowed without the sanction of the latter. This scheme, proved a failure as the central authority was not strong enough to have an effective control over the Provincial Governments in financial matters. Besides, the scheme deprived the provinces of all sense of responsibility and led to inefficiency in the collection of revenues and wastefulness in expenditure. As Sir John Strachey observed, "The distribution of the public income degenerated into

something like a scramble, in which the most violent had the advantage with very little attention to reason. As local economy brought no local advantage, the stimulus to avoid waste was reduced to a minimum and no local growth of the income led to local means of improvements, the interest in developing the public revenues was also brought down to the lowest level."

In 1871, Lord Mayo tried to improve this state of affairs by introducing a measure of financial decentralisation. According to his "Provincial Settlements" of 1871, the financial management of a few departments, namely, Police, Education, Roads and Civil Works, Registration, Medicine and Jails was handed over to the provinces, who were given for this purpose an annual fixed lump sum grant from the Central Government in addition to the receipts from these departments. But, this arrangement also proved highly defective. In the first place, the annual grants from the Central Government were not adjusted to the real needs of the provinces and were fixed arbitrarily. In most cases they did not provide the provinces with adequate funds for the management of the departments concerned. No doubt, the provinces were empowered to meet their deficits by local taxes, but the Central Government had already monopolised the most lucrative avenues of taxation, leaving nothing but the taxation of the very poor to the provinces.

In 1877 Lord Lytton tried to reform this scheme by introducing a further measure of decentralisation. The financial management of all the remaining departments which were essentially provincial in character, namely, Land Revenue, Excise, Stamps, General Administration, Law and Justice, was also transferred to the provinces. The annual lump sum grants continued, in addition to which the Central Government now allowed the provinces a share in certain specified sources of revenue, namely, Excise, Stamps, Law and Justice fees, and proceeds of the Licence Tax. This established a new

principle in the financial system, the principle of the division of certain revenues between the provinces and the Centre.

In 1882, Lord Ripon took financial decentralisation a step further. The lump sum grants were abolished and the sources of revenue were divided into three heads, namely, (1) Imperial Heads, which included Opium, Salt, Customs, Commercial Undertakings etc., (2) Provincial Heads, which included Civil Departments, Provincial Works and Provincial Rates and (3) Divided Heads, which included Excise, Assessed Taxes, Stamps, Forest, Registration etc. The revenues from the Imperial Heads were appropriated only by the Central Government, while those from the Provincial Heads were taken exclusively by the provinces. The income from the Divided Heads were shared by the Central and Provincial Governments. This scheme gave to the provinces for the first time a few well defined and independent sources of income. Financial settlements on these lines were made by the Central Government with each province separately. The settlements were temporary and were revised every five years. But the periodic revision of the settlements, and the consequent fresh distribution of revenues between the centre and the provinces and also as between different provinces, caused much controversy and wrangling, especially as all the provinces were not treated with equal fairness by the Central Government, which tried to keep the lion's share for itself.

In 1904, Lord Curzon tried to improve the situation by declaring the existing Financial Settlements as quasi-permanent. They were not to be revised unless the original circumstances were changed radically by such emergencies as wars, famines etc. This was done entirely with a view to giving the provinces a permanent interest in their revenues and expenditure. Lord Curzon also initiated a scheme of giving occasional lump sum grants or 'doles' to the provinces out of the surplus of

the central budget.

In 1912, Lord Hardinge declared the Settlements to be practically permanent. No further changes were effected until the beginning of the Reforms of 1919 and the position remained as follows. The Central Government received all the revenues derived from Customs, Salt, Opium, Railway, Mint and Exchange, Post and Telegraphs and Tributes from Native States. The Provincial Governments monopolised the income drawn from Forest, Excise (in Bombay and Bengal), Registration, Education, Law and Justice. The revenues from Income Tax, Land Revenue, Irrigation, Stamps and Excise (except in Bombay and Bengal) were shared by the Central and Provincial Governments, according to separate agreements between each province and the Centre. This system was defective in several respects. In the first place, the Divided Heads caused unnecessary interference of the Central Government in provincial finance. Secondly, the provincial revenues were still very largely controlled by the Central Government, which determined the provincial rates of taxation and forms of expenditure. The provinces had no independent powers of taxation and borrowing. Thirdly, all provinces were not treated with equal fairness by the Central Government; no attempt was made to adjust the financial resources of each provinces to its needs. Lastly, the major portion of the total revenues was appropriated by the Central Government, the provinces being left with resources much too meagre for projects of material development. In 1919-20, immediately before the introduction of the new financial scheme of the Reforms, the aggregate provincial revenues were a little over 30 per cent of the total public revenues of the country. This naturally meant that the expenditure on the nation-building services was extremely meagre.

The Montague-Chelmsford Reforms of 1919, attempted to make a new departure in the financial relations between the Central and the Provincial Governments.

The Report on Constitutional Reforms enjoined, "If provincial autonomy is to mean anything real, clearly the provinces must not be dependent on the Indian Government for the means of the provincial development. Existing settlements do indeed provide for the ordinary growth of expenditure, but for any large or costly innovations, the provincial governments depend on doles out of the Indian surplus. Our idea is that an estimate be first made of the scale of expenditure required for the upkeeping of the services which clearly appertain to the Indian sphere, that resources with which to meet this expenditure should be secured to the Indian Government and that all other revenues should then be handed over to the provincial governments." The Reforms in the first place, entrusted the complete management of all the nation-building departments to the provinces. Secondly, in order to increase the resources of the provinces, the so-called Divided Heads were abolished and a clear cut division of the total revenues between Imperial Heads and Provincial Heads was made. The former included Customs, Income Tax, Railways, Salt, Opium, Posts and Telegraphs and Military Receipts, while the latter included Land Revenue and Irrigation, Stamps, Registration, Excise and Forests. The provinces were also given greater powers of taxation and more freedom of borrowing.

This arrangement, in the beginning looked satisfactory from the point of view of the provinces, but actually it turned out to be simply a continuation of the system, which had been developing for half a century. The new distribution of revenues immediately created a considerable deficit in the central budget. This was met, not by reducing the highly inflated expenditure of the Central Government, which was considered to be of primary importance, but by introducing a system of annual lump sum contributions from the provinces to the Central Exchequer. A Committee, presided over by Lord Meston, was appointed in 1920, to recommend the

amount to be contributed annually by each province. The recommendations of this Committee, which were adopted by the Government, were highly arbitrary. The Committee paid exclusive attention to the improved financial resources of the provinces, without taking into account their real needs and the possibilities of their future development. Some provinces were made to pay much more than the others, as, for example, Madras, the United Provinces and the Punjab, between them contributed 78 per cent of the total estimated deficit of the Government of India, while Bombay paid only 6½ per cent and Bengal 5½ per cent.

The award of the Meston Committee caused great discontent in every Province. The contributions had been fixed on the assumption that the provinces would continue to have surplus budgets. But as the Layton Report observed "Immediately after the war, practically every province had to face a big increase in salary rates. In Bengal, this more than counter balanced the increased spending power which the Meston Committee estimated that the provinces would receive under the new financial settlement and in every other case even if the rise of salaries and wages did not create a deficit in the budget, the expectation on which the financial settlement was based was falsified. In the next year or two, there was a strong effort made in every province to reduce expenditure, often with the assistance of a retrenchment committee. During this period, few provinces were able to increase expenditure on development and national services."

But apart from the burden thrown on the provinces by the Meston Award, the basic distribution of revenues between the Centre and the provinces affected by the Reforms was not such as to ensure to the provinces an expanding income for purposes of material development. The important point to be noted here is that although the financial needs of the provinces were growing, as they had been entrusted with all those

services, which needed expansion, only such sources of revenue were assigned to them, as were inelastic and stagnant. On the other hand, the Central Government whose expenditure on the Army and other Central Departments was already over inflated, was assigned such sources of revenue, as were capable of considerable expansion. Thus, of the Provincial Heads, Land Revenue which is the most important, increased by only 7½ per cent between 1913 and 1929. But as the Layton Report observed "It is not possible to ascertain from public accounts the cost of collection of Land Revenue, as this cost cannot be separated entirely from the cost of general administration. But, there is little doubt that if it could be separated and deducted from the gross Land Revenue receipts, the net yield of Land Revenue would actually show a decline. When account is taken of the upward movement of price and salaries, this comparative stability of Land Revenue means that its real value as a contribution to the cost of government has diminished." The Revenue from Excise was fairly stationary and was even threatened with decline in certain provinces. Stamps Revenue showed a small annual increase as a result of the increase in court fees and stamp duties during 1921-25, but with the repeal of these rates in several provinces, Stamps ceased to bring in any substantial extra income. Irrigation also ceased to be a very profitable source of revenue as a result of the rise of working costs, consisting mainly of wages and materials, during the post-War period. The yield of other taxes, imposed by the provinces, such as betting and amusement taxes, road tolls etc., was not big enough to help the provincial revenues substantially. Thus, from 1923-24 to 1928-29, while the provincial expenditure rose by 22 per cent, the provincial revenues increased by only 4 per cent.

As against this, the Central revenues expanded very considerably. Customs Revenue increased from Rs. 34.41 crores in 1921-22, to Rs. 52 crores in 1932-33.

The contribution of the Railways to the General Revenues amounted to Rs. 1.22 crores in 1922-23, but this increased to Rs. 5.74 crores (Budget) in 1930-31. Salt revenue increased from Rs. 6.34 crores in 1921-22, to over Rs. 10 crores in 1932-33, while revenues from Opium rose from Rs. 1.27 crores in 1921-22, to over Rs. 2 crores in 1931-32. Income tax revenue which was Rs. 15.86 crores in 1925-26 rose to about Rs. 18 crores in 1932-33.

It will thus be seen, that the Montague-Chelmsford Reforms, while transferring all the nation-building services to the provinces, placed such meagre resources at their disposal that an adequate development of these services was impossible. Even the Joint Committee on Indian Constitutional Reforms (1933-34), recognised that, "From the point of view of expenditure, the essentials of the position are that the Provinces have an almost inexhaustible field for the development of social services, while the demands upon the Centre, except in time of war or acute frontier trouble, are more constant in character. The Provinces have rarely had means adequate for a full development of their social needs, ... the resources of the Centre comprise those which should prove most capable of expansion in a period of normal progress." The provinces have been in a state of chronic deficit during the last 14 or 15 years. Between 1921 and 1933, the total provincial deficit amounted to Rs. 23.8 crores which was met from loans from the Provincial Loans fund kept by the Government of India. Of this deficit, nearly Rs. 10 crores was on account of the provincial contributions to the Central Exchequer under the Meston Award. Although these contributions were abolished in 1928, the financial condition of the provinces continued to be bad. The progress in the nation-building departments has thus been very meagre. In fact in Bengal hardly any progress has been made. The expenditure on primary education, in Bengal, in 1933-34, was less than that in 1922-23.

In contrast to this state of affairs in the provinces, the Central Government had a surplus of Rs. 10 crores between 1921 and 1932, which it utilised for the reduction of Public Debt. Over 60 per cent of the total expenditure of the Central Government was absorbed by Military Services, and the actual amount spent was Rs. 69.81 crores in 1921-22, 54 crores in 1930-31, and in spite of the economic depression, over 50 crores in 1936-37 (Budget). This enormous unproductive expenditure cannot be justified on any ground whatsoever. Even Sir Walter Layton admitted that "Indeed economically speaking it is the most burdensome form of expenditure and this is particularly the case whereas in the case of India, the Army contains a large element drawn from elsewhere .....But apart altogether from the question of other forms of expenditure in India, the defence charge is undoubtedly high. A recent comparison of the military expenditure of the nations of the world shows that in this respect India is seventh on the list among the Great Powers and that her expenditure on armaments is between two and three times as great as that of the whole of the rest of the Empire outside Great Britain. Again the total is not only high in itself as compared with other countries but it has also greatly increased as compared with the pre-War situation. India, in fact, has not obtained any relief from the greater sense of world security, which has succeeded the World War. On the contrary, her defence expenditure has risen even after allowing for the rise in prices and has grown more rapidly than in other parts of the Empire."

The Indian Army is kept permanently on a war basis. The Simla Army Commission of 1879 observed that "The purpose for which the Army of India must be maintained may be stated to be (a) preventing or repelling attacks or threatened aggression from enemies beyond our border; (b) making successful armed disturbance or rebellion, whether in British India or Feudatory States impossible." But, with the expansion of British Imperialist

power, the Indian Army came to assume a new importance; it became the protector of British interests in the East. In the budget discussion of 1904-05, Sir E. Elles stated clearly the new function of the Indian Army. He observed "Are we to be content to hide ourselves beyond our mountain barriers under the foolish impression that we should be safe, whilst the absorption of Asiatic Kingdoms is steadily in progress..... It is I think undoubted that the Indian Army in the future must be a main factor in the maintenance of the balance of power in Asia; it is impossible to regard it any longer as a local militia for purely local defence and the maintenance of order." Thus, the Indian Army has been employed to fight all the wars waged on behalf of British Imperial interests in the East, and the Indian Exchequer has been made to defray the cost of these wars. Between 1838 and 1920, there were 19 occasions on which the Indian Army was employed outside India for imperial purposes, and the imperial importance of the Indian Army is now frankly admitted.

Another very important item of the central expenditure is the interest on the huge debt of the Government of India. On 31st March 1934, the total Public Debt of India was Rs. 1210 crores of which about Rs. 500 crores had been borrowed in Great Britain, and Rs. 700 crores in India. The interest on the Ordinary Debt of the Government of India amounted in 1934-35 to over Rs. 39 crores. We have noted in an earlier chapter how the present Public Debt of India was piled up by the indiscriminate borrowings of the Government, largely for unproductive purposes. Here we may only give one instance to show how the Government of India has utterly disregarded the interests of the Indian tax-payer, on whom falls the real burden of the Public Debt, in order to benefit the British investing classes. In 1921-22 the Government of India raised a loan of Rs. 7.5 crores in England at 7 per cent, while at the same time Africa and Australia raised loans in London at the

rate of 5 per cent. This is not an isolated instance. It is well known that the Government of India has always offered very liberal rates of interest in the London money market.

Indian civil administration both at the centre and in the provinces is one of the costliest in the world. Its top heaviness is notorious. The higher grades of services and especially the Imperial Services are paid at scales which could be condemned as highly extravagant, not only by reference to the general poverty of the people, but also by reference to the efficiency of the members of the Services, and to what they could possibly get in alternative occupations. The maintenance of law and order is the primary consideration of the Government in India, and for this purpose no expenditure is considered too high. In 1932-33, over Rs.60 crores were spent on civil administration alone.

The position analysed above may be restated thus: The Central Government monopolises the great bulk of the revenues of the country in order to meet its enormous expenditure on the Army, Public Debt and Civil Administration. This has left the provinces in a state of chronic deficit, but as the maintenance of the present top-heavy system of administration in the country is considered to be of primary importance, the financial stringency in the provinces has hit the nation-building services the hardest. Of the total public expenditure, including both Central and Provincial, about 25 per cent is absorbed by the Military Services, about 25 per cent by Government Debt, 9 per cent by Police, Jail and Justice, 6 per cent by General Administration, 6 per cent by Civil Works and 4 per cent by Land Revenue and Forests. Of the nation-building services, Education claims only 6 per cent, Medical and Public Health only about 2 per cent, Irrigation about 3 per cent, while the expenditure on the development of agriculture and industry is almost negligible. It is important to note that the total amount spent on nation-building services is slightly over 15

per cent of the total expenditure; the rest being spent on Defence and the maintenance of "Law and Order" in the country.

The following table which shows the division of total expenditure between the Essential Services (Defence, maintenance of Law and Order etc.) and the Social Services since 1876 is instructive:

Expenditure per 1000 *persons in Rupees*

Year	Essential Services	Social Services
1876	1810	159
1886	2108	166
1896	2142	201
1906	2462	277
1912	2514	302
1921	4511	588
1929	4210	876

The above figures speak for themselves. Even Sir Walter Layton, the Financial Assessor to the Simon Commission, recognised the chief features of the financial situation in India to be as follows:

"The mass of the people are extremely poor. She is incurring expenditure on the primary functions of government, such as defence and the maintenance of law and order, as high in proportion to her wealth as Western nations.

"Her expenditure on social services such as education, health, sanitation etc., on the other hand, is far behind Western standards, and indeed in many directions is almost non-existent."

The net results of this state of affairs are noteworthy. According to the Census of 1931, the number of literate persons in India was 23,969,751 males and 4,169,105 females, who together represented about 8 per cent of the total population. In 1930-31, there was one educational institution for every 1036 persons of the total

population. Taking elementary education alone there was one school for every 1,329 persons. In the same year the expenditure on education per head of the population was rupee one, while the corresponding figure for Japan was Rs. 11, for the United Kingdom Rs. 32, for Canada Rs. 48, for the U. S. A. Rs. 65. The Soviet Union spent 11,290,000,000 roubles on education in the first Five Year Plan which amounted to Rs. 158 per head of the population under instruction.

The neglect of Medical and Public Health Services has been even more appalling in its consequences. Between 1920 and 1930 the average death rate in British India was 24.5 per 1000 of the total population. In the United Kingdom the corresponding death rate was 12.5, in the U. S. A. 11.3, in Germany 11.1, in France 16.3 and in Japan 18.17. The rate of infant mortality in India is one of the highest in the world. In the country as a whole, nearly 230 children per thousand born die before reaching the age of one year, as compared with only 51 per thousand who die in England and Wales. According to the Census of 1931 the average expectation of life in British India is only 26.7 years, while in England it is 57.6 years, in the U. S. A. 56.4, in Germany 49.4, in France 50.5 and in Japan 44.5. Epidemics take a terrible toll of life. No less than 11,000,000 persons died in the influenza epidemic of 1918. Deaths due to preventible disease are exceedingly large. The Director of Public Health for Bengal wrote in his report for 1927-28:

"1,500,000 people are dying every year in Bengal alone. On an average 750,000 children under 15 years of age die every year—about 15 per cent of the total deaths. Twenty-five per cent of this mortality is due to preventible diseases.... Last year 120,000 people died of cholera, 350,000 of malaria, 350,000 from tuberculosis, 100,000 from enteric. On an average 55,000 new born infants die every year of tetanus." An inquiry instituted a few years ago by Sir John Megaw, the

Director of Indian Medical Service, revealed that about 13 million people were suffering from venereal diseases; that tuberculosis was "increasing steadily and rather rapidly" and that the figure of 2,000,000 sufferers from this disease was "much too low;" that 6 million people suffered from night blindness; rickets affected over 2,000,000, while the number of persons who suffer every year from malaria was 50,000,000 and may even exceed 100,000,000.

Provincial Finance under the new Constitution

Let us now try to see if the new Constitution breaks the financial hegemony of the Government of India and thereby releases adequate resources for the nation-building departments. The Joint Parliamentary Committee reviewing the existing financial arrangements observed that, "Past experience of the existing system leads to two conclusions on which there is general agreement: (a) that there are a few Provinces where the available sources of revenue are never likely to be sufficient to meet any reasonable standard of expenditure; and (b) that the existing division of heads of revenue between Centre and Provinces leaves the Centre with an undue share of those heads which respond most readily to an improvement in economic conditions. This has led to a very strong claim by the Provinces for substantial share in the taxes on income. This claim, as might be expected, has been pressed most vigorously by the more industrialised Provinces like Bombay and Bengal."

In view of this recognition of the inadequacy of the present financial resources of the provinces, the Government of India Act of 1935 laid down the following:

(a) Duties in respect of succession to property, Stamp duties, terminal taxes and taxes on fares and freights shall be collected by the Federation, but the net proceeds in any financial year shall be assigned to the provinces. The Federation will have the right to levy surcharges on the same for its own purposes.

(b) Taxes on incomes, other than agricultural income, shall be levied and collected by the Federation, but a prescribed percentage of the net proceeds in any financial year shall be assigned to the provinces. The share of the provinces, however, shall not be given to them immediately, but after a prescribed period during which the Federation, in the first instance, shall retain such amount out of the provincial share as it needs for its own purposes, and then reduce the amount retained gradually and by equal steps in such a manner as to enable the provinces to get their full share at the end of the period. The Federation shall have the right to levy and retain surcharge on income tax.

(c) One half, or a greater proportion, of the net proceeds in each year of any export duty on jute or jute products shall be assigned to the provinces.

(d) The Central Government shall give grants in aid to deficit provinces.

In December 1935, Sir Otto Niemeyer was appointed to examine the financial implications of the above provisions of the Act, and to make more specific recommendations on the financial readjustments necessitated by them.

The Niemeyer Report recognised at the outset that, "at the inauguration of Provincial Autonomy each of the Provinces should be so equipped as to enjoy a reasonable prospect of maintaining financial equilibrium, and in particular that the chronic state of deficit into which some of them had fallen should be brought to an end." But, immediately after this, the Report observed, "From the Central point of view on the other hand, it is clear that the financial stability and credit of India as a whole must remain the paramount consideration..... Throughout my recommendation I have kept the stability of the Central finances continuously in mind." Then again, "Expenditure at the Centre cannot be expected, consistently with safety, to decrease much below the point to which it has now been reduced."

Thus Sir Otto Niemeyer approached the problem

with a clear conviction that whatever the future readjustments, the Central expenditure could not be reduced. It was, therefore, a foregone conclusion that Sir Otto's Report would be accepted in its entirety by the British Government.

The specific recommendations of Sir Otto Niemeyer were as follows:

In the first place, he recommended a scheme of grants in aid from the Centre to the deficit Provinces. Sind was to receive a subvention of Rs. 110 lakhs per year, Assam Rs. 30 lakhs per year, the United Provinces Rs. 25 lakhs for five years, and Orissa Rs. 40 lakhs which was to increase to 47 lakhs in the first year and to Rs. 43 lakhs in the 2nd, 3rd, 4th and 5th years.

Secondly, Sir Otto recommended that 62½ per cent of the net proceeds of the jute export duty should be assigned to certain provinces.

The third and the most important of the Niemeyer recommendations was that which related to the allocation of a certain percentage of the income tax proceeds to the provinces, since this represented the only substantial concession granted to provinces by the Government of India Act. Sir Otto recommended that the percentage of the income tax proceeds to be transferred to the provinces should be 50 per cent, the other 50 per cent being retained by the Federation. He proposed two periods of five years each during which the Central Government shall relinquish gradually the share of the provinces. In the first of these two periods, the Centre may in any year retain either the whole of the provincial share, or such sum as is necessary to bring the proceeds of 50 per cent share of the Centre plus the incomes from the Railways upto Rs. 13 crores. In the second period, the Centre shall gradually and with equal steps reduce the amount retained in a manner that at the end of the fifth year of this period the provinces shall get their full share. Thus 10 years after the commencement of the Federation shall the provinces get their prescribed share.

Do these provisions release any substantial resources for the nation-building services of the provinces? It should be noted in the first place, that the grants in aid to certain provinces are only meant to meet the ordinary deficits caused by the present-scale of expenditure and do not include funds for any special material developments. Secondly, the share of the jute duty granted to some of the provinces makes only a small addition to the total provincial revenues as the gross yield of this duty is only about Rs. 3½ crores per year. Thirdly the 50 per cent share of the provinces in the income tax proceeds amounts to about Rs. 6 crores, which when distributed amongst all the provinces would be much too meagre to bring about any appreciable expansion of the nation-building services anywhere. But even this amount is to be received by the provinces after ten years. The present financial position of the Central Government, coupled with the paramount importance given to the central expenditure, which will be maintained at the present level at any cost, makes it extremely unlikely that the Federal Government will show any concessions to the provinces in the matter of the transfer of income tax receipts for a number of years to come. The present economic depression has contracted all the important sources of Central revenue. The Railways, which used to contribute handsomely to the General Revenues, have now ceased to make any contribution whatsoever, and have accumulated deficits amounting in 4 years, from 1931 to 1935, to Rs. 32 crores. Competition between roads and the Railways is increasing, and the present condition of trade and commerce does not warrant an early return of prosperity to the latter. Custom duties, which in recent years supplied 65 per cent of the Central revenues, have been declining. Income from import duties on sugar and cotton piece-goods which formed the most important item of the Customs revenue has fallen rapidly during the last few years. Had it not been for the increase of

rates and surcharges levied since 1931, the total revenue from Customs would have declined very seriously. Income tax revenue has also been kept up by increasing the rates and imposing surcharges. The average profits of Companies assessed to income tax for the ten years ending in March 1930 was Rs. 53 crores, but this fell to Rs. 29 crores in 1932-33. A similar fall must have taken place in personal incomes also.

While the revenue of the Central Government are shrinking the expenditure is likely to increase in the near future. Firstly, there is no possibility whatsoever of a reduction in the Military Budget and the other so-called Essential Services of the Central Government. Throughout the discussions on Constitutional Reforms, and in all Government Memoranda and Reports it has been emphasised that the Central revenues must be adequate, stable and capable of expansion in times of emergency. In his memorandum to the Joint Parliamentary Committee Sir Malcolm Hailey emphasised that, "The Military authorities regarded the provisions of the Indian Budget as barely satisfying the requirements of the army in India and that no substantial reduction could be contemplated in the immediate future." In fact with the growing danger of a world war, an increase in the expenditure on military services is very likely. The new Constitution has completely safeguarded the enormous unproductive expenditure of the Central Government by making over 80 per cent of the Central expenditure non-votable. The Federal Legislature will not be allowed to reduce the amount spent on Military Services, Pensions and Superannuation Allowances, Political and Ecclesiastical Departments, Frontier Watch and Ward and Debt Services. Moreover, the existing 'steel frame' of the Civil Service shall remain intact. The Secretary of State for India shall continue to make appointments to the Indian Civil Service, Indian Medical Service and the Indian Police Service, and shall also fix the salaries, pensions, allowances etc., of

the members of these Services.

It has been suggested in certain quarters that since any reduction in the Central expenditure is not possible, the provinces should be given greater revenues through increased taxation. It is often stated that India is one of the most lightly taxed countries in the world. Mr. Findlay Shirras, for example, made a comparison between the burden of taxation in India and the United Kingdom, and came to the conclusion that effective taxation was only 4 per cent of the gross income in India, whereas it was 24 per cent in the United Kingdom. This gives a totally wrong picture of the situation since there is every reason to believe that India is already overtaxed. International comparisons of tax burdens are extremely difficult since the measuring of taxable capacity involves so many different factors that a large margin of error is almost inevitable. The difficulty is particularly great in the case of India where no reliable estimate of the total national income is available. Moreover, while making such comparisons the use to which the State income is put, and the proportion of the total tax revenue spent abroad must be taken into account. In India, unlike Great Britain a very large percentage of the total revenue is spent on the Army and several other unproductive services which bring no material return to the people. Besides, a big proportion of the revenues is sent out of the country in the form of the Home Charges. However, Mr. Shirras' estimate can be challenged on more concrete evidence. The bulk of the income-tax payers in India have incomes of less than Rs. 5000 a year, and the rate of income tax upto Rs. 5000 is higher in India than in Great Britain. As regards the agricultural population, there is no doubt that the peasantry is at present taxed far beyond its taxable capacity. As Prof. Brij Narain observes, "Facts relating to agricultural income at the present time lead to the certain and indisputable conclusion that over large parts of the country the taxation of agriculturists encroaches

on his subsistence. In other words, the agriculturist is being taxed far beyond his taxable capacity. The indirect evidence of this is provided by the economic destitution of the peasants and the growing burden of rural indebtedness. Land Revenue therefore cannot possibly bring a larger income to the provinces in the future. In fact, in view of the present economic plight of the cultivators, a substantial reduction in the rates of assessment is urgently needed. As regards income tax, an increase in the rates for higher incomes, the imposition of Death Duties, and the inclusion of bigger agricultural incomes within the scope of the tax may add considerably to the resources of the Exchequer. But in the present state of economic depression, these measures would neither be advisable nor very useful. Moreover, it should not be forgotten that the lower incomes are already overtaxed and need relief. Railway budgets are bound to remain in a state of chronic deficit so long as the present depression lasts. Customs revenues have been declining with the fall in the value of our imports and there is no likelihood of the value of our imports rising for a considerable length of time to come. Besides, customs and excise duties have already overburdened the people with indirect taxes, and any further enhancement of these duties would weigh very heavily on the consumers. Forest, Stamp, Registration, and other minor heads of revenue are also not capable of much expansion.

We may thus conclude that at present the provinces have hardly any prospects of improving their financial position through increased taxation. Under the new Constitution, the position will remain the same as it has been uptil now. The Central Government will continue to appropriate the great bulk of the public revenues and the services so vital to the welfare of the people, such as, Education, Health, Agricultural and Industrial development, will remain in the same undeveloped state in which they are found today.

CONCLUSION

The foregoing analysis has shown briefly how India is suffering under the domination of British Imperialism. In every aspect of economic life the interests of India have been sacrificed to those of Great Britain. The country has been deliberately kept backward in Industry and Agriculture, with her vast potential wealth undeveloped, with a large part of her industry, trade and commerce in the iron grip of foreign capital, with her fiscal policy openly dictated by British financial and industrial interests, and with her entire economic development kept lopsided to serve the ends of imperialist exploitation. As a result of this, an overwhelming part of her population is pressing desperately on land, hungry and poverty-stricken, illiterate and dying in millions of disease, famines and epidemics. There is universal land hunger in the villages and chronic unemployment among the town workers and the middle classes.

The political structure of the Government has been kept completely autocratic throughout. The Viceroy has unlimited executive and legislative powers and is not responsible to any section of the Indian people; he is under the control of the Secretary of State for India who is responsible to the British Parliament. The new Constitution grants no economic concessions to India. In matters of fiscal policy, the Viceroy, controlled by the Secretary of State, has been given full dictatorial powers under the caption of "Special Responsibilities" to enforce the continuation of the present economic system. The Federal Legislature has been granted hardly any control over revenues and expenditure. The main items of revenue have been so apportioned between the so-called Autonomous Provinces and the Centre that the

former who are responsible for the nation-building services, will be left with no finance to undertake schemes of material development.

It must not be forgotten that Imperialist exploitation has set up a system of socio-economic relationships in the country which have strengthened Indian vested interests at the expense of the mass of poverty-stricken population. The systems of land tenure introduced by the British in India have thrown the peasantry at the mercy of big landed proprietors and usurers. In the Zamindari areas where the majority of cultivators are tenants of big landlords, rack renting, evictions from holdings, illegal exactions etc., are extremely widespread. In the Ryotwari areas where the cultivators are petty proprietors, excessive land taxation and enormous indebtedness of the peasantry are causing universal pauperisation of the small holders and the rapid transfer of their lands to the bigger landed proprietors and money-lenders. The money-lending classes have grown enormously in wealth and influence under British rule. Legally, they are better entrenched today than ever before and it is recognised on all hands that rural indebtedness has increased very rapidly during the last hundred and fifty years of British rule. The backwardness of Indian industries and the constant struggle that they have to wage against foreign competition has caused an intense exploitation of industrial labour.

It must never be forgotten that the fundamental feature of the Indian landscape today is the universal poverty of the people. The most vital questions arising out of this poverty-stricken state of the country are:—

(1) For the peasantry, who form the over-whelming mass of the people, the question of exorbitant rents and crushing debts, of raising the level of production by the use of advanced technique and the consolidation of holdings, of providing adequate credit without usury, of providing land to the 35 million landless agricultural

workers. All this raises at once the question of the property rights on land, the question of landlordism and the rights of the usurers.

(2) For the industrial workers, who form a large proportion of the population of the cities, the question of adequate wages, hours of work, housing conditions, various forms of social insurances, free education etc. This raises the question of the right to strike, to form independent trade unions and working class political parties.

(3) For the educated middle class youth, the question of adequate employment, or unemployment relief and of facilities for technical and higher education.

(4) For the country generally, the whole question of industrialisation, of the rehabilitation of agriculture, the question of the fundamental rights of the people, such as, the freedom of speech, freedom of the press, freedom of assembly. This raises at once the entire question of political and economic independence, of Sovereignty and the representative nature of the State.

Nowhere in the new Constitution is there a mention of the steps whereby these questions might be speedily solved. The struggle between Imperialism and the people of India is irreconcilable. Irreconcilable interests create irreconcilable wills. The will of Imperialism is expressed in the new Constitution.

The demand for the rejection and the ending of the new Constitution has been expressed by the people in every part of India. The National Congress stands committed to this and works to this end. All the anti-imperialist forces in the country are equally committed to this, and even the chronically moderate elements say so, though in halting language. But a mere rejection of the Constitution is not enough. It must be clearly understood that the political subjection of India is the *a priori* condition for her economic exploitation by British Imperialism. The struggle of the Indian people for economic freedom, therefore resolves itself automatically into the struggle for political freedom.

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The Question of Language

By

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WITH A FOREWORD BY

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FOREWORD

I have very carefully gone through Jawaharlal Nehru's essay on the question of language. The question has latterly become an unfortunate controversy. There is no valid reason for the ugly turn it has taken. Be that as it may, Jawaharlal's essay is a valuable contribution to a proper elucidation of the whole subject considered from the national and purely educational point of view. His constructive suggestions, if they are widely accepted by persons concerned, should put an end to the controversy which has taken a communal turn. The suggestions are exhaustive and eminently reasonable, and I have no hesitation in generally endorsing them.

Moving train
August 3, 1937

M. K. GANDHI

THE QUESTION OF LANGUAGE

I

We have had during recent months a revival of the old controversy between Hindi and Urdu, and high excitement has accompanied it and charges and counter-charges have been flung about. A subject eminently suited for calm and scholarly consideration and academic debate has been dragged down to the level of the market place and communal passions have centred round it. Inevitably, many of the champions who have entered the field of battle have little to do with scholarship or the love of a language for its own sake; they have been chiefly concerned with Government orders and court procedure. Those who love language as the embodiment of culture, of airy thought caught in the network of words and phrases, of ideas crystallized, of fine shades of meaning, of the music and rhythm that accompany it, of the fascinating history and associations of its words, of the picture of life in all its phases, those to whom a language is dear because of all this and more, wondered at this vulgar argument and kept away from it.

And yet we cannot keep away from it or ignore it, for the question of language is an important one for us. It is not important because of that cry of the ignorant that India is a babel of tongues with hundreds and hundreds of languages. India, as everyone who looks round him can see, has singularly few languages considering its vast size, and these are intimately allied to each other. India has also one dominant and wide-

spread language which, with its variations, covers a vast area and numbers its votaries by the hundred million. Yet the problem remains and has to be faced.*

It has to be faced for the moment because of its communal and political implications. But that is a temporary matter and will pass. The real problem will remain: as to what policy we shall adopt in a scheme of general mass education and the cultural development of the people; how shall we promote the unity of India and yet preserve the rich diversity of our inheritance?

The question of language is ever one of great consequence for a people. Almost exactly three hundred years ago Milton, writing from Florence to a friend, emphasized this and said: "Nor is it to be considered of small consequence what language, pure or corrupt, a people has, or what is their customary degree of propriety in speaking it..... for let the words of a country be in part unhandsome and offensive in themselves, in part debased by wear and wrongly uttered, and what do they declare, but, by no light indication, that the inhabitants of that country are an indolent, idly-yawning race, with minds already long prepared for any amount of servility? On the other hand we have never heard that any empire, any state, did not at least flourish in a middling degree as long as its own liking and care for its language lasted."

II

A living language is a throbbing, vital thing, ever changing, ever growing and mirroring the people who speak and write it. It has its roots in the masses, though its superstructure may represent the culture of a few. How then can we change it or shape it to our liking by resolutions or orders from above? And yet I find this

widely prevalent notion that we can force a language to behave in a particular manner if we only will it so. It is true that under modern conditions with mass education and mass propaganda through the press, printed books, cinema and the radio, a language can be varied much more rapidly than in past times. And yet that variation is but the mirror of the rapid changes taking place among the people who use it. If a language loses touch with the people, it loses its vitality and becomes an artificial, lifeless thing, instead of the thing of life and strength and joy that it should be. Attempts to force the growth of a language in a particular direction are likely to end in distorting it and crushing its spirit.

III

What should be the policy of the State in regard to language? The Congress has briefly but clearly and definitely stated this in the resolution on Fundamental Rights: "The culture, language and script of the minorities and of the different linguistic areas shall be protected." By this declaration the Congress is bound and no minority or linguistic group can require a wider assurance. Further the Congress has stated in its constitution, as well as in many resolutions, that while the common language of the country should be Hindustani, the provincial languages should be dominant in their respective areas. A language cannot be imposed by resolution, and the Congress desire to develop a common language and carry on most of our work in the provincial languages would be pious wishes, ignored by the multitude, if they did not fit in with existing conditions and the needs of the situation. We have thus to see how far they so fit in.

IV

Our great provincial languages are no dialects or vernaculars as the ignorant sometimes call them. They are ancient languages with a rich inheritance, each spoken by many millions of persons, each tied up inextricably with the life and culture and ideas of the masses as well as of the upper classes. It is axiomatic that the masses can only grow educationally and culturally through the medium of their own language. Therefore it is inevitable that we lay stress on the provincial languages and carry on most of our work through them. The use of any other language will result in isolating the educated few from the masses and of retarding the growth of the people. Ever since the Congress took to the use of these provincial languages in carrying on its work, we developed contacts with the masses rapidly and the strength and prestige of the Congress increased all over the country. The Congress message reached the most distant hamlet and the political consciousness of the masses grew. Our system of education and public work must therefore be based on the provincial languages.

What are these languages? Hindustani, of course, with its principal aspects of Hindi and Urdu, and its various dialects. Then there are Bengali, Marathi and Gujrati, sister languages of Hindi and nearly allied to it. In the South there are Tamil, Telugu, Kannada and Malayalam. Besides these there are Oriya, Assamese and Sindhi, and Panjabi and Pushtu in the North-West. These dozen languages cover the whole of India, and of these, Hindustani has the widest range and also claims a certain all-India character.

V

Without infringing in the least on the domain of

the provincial languages, we must have a common all-India medium of communication. Some people imagine that English might serve as such, and to some extent English has served as such for our upper classes and for all-India political purposes. But this is manifestly impossible if we think in terms of the masses. We cannot educate millions of people in a totally foreign tongue. English will inevitably remain an important language for us because of our past associations and because of its present importance in the world. It will be the principal medium for us to communicate with the outside world, though I hope it will not be the only medium for this purpose. I think we should cultivate other foreign languages also, such as French, German, Russian, Spanish, Italian, Chinese and Japanese. But English cannot develop into an all-India language, known by millions.

The only possible all-India language is Hindustani. Already it is spoken by a hundred and twenty millions and partly understood by scores of millions of others. Even those who do not know it at all at present can learn it far more easily than a foreign language. There are many common words in all the languages of India, but what is far more important is the common cultural background of these languages, the similarity of ideas and the many linguistic affinities. This makes it relatively easy for an Indian to learn another Indian language.

VI

What is Hindustani? Vaguely we say that this word includes both Hindi and Urdu, as spoken and as written in the two scripts, and we endeavour to strike a golden mean between the two, and call this idea of ours Hindustani. Is this just an idea with no reality for its basis, or is it something more?

There are many variations in Hindustani as spoken and written in various parts of northern and central India. Numerous dialects have arisen. But these are the inevitable consequences of want of education, and with mass education these dialects will tend to disappear and a certain standardisation will set in.

There is the question of script. Devanagari and the Urdu script are utterly different from each other and there is no possibility of either of them assimilating the other. Therefore wisely we have agreed that both should have full play. This will be an additional burden on those who have to learn both and it will encourage separatism to some extent. But we have to put up with these disadvantages for any other course is not open to us. Both the scripts are part of the genius of our language and around them have gathered not only literatures peculiar to the scripts, but also a wall of sentiment which is solid and irremovable. What the distant future will bring to us I do not know, but for the present both must remain.

The Latin script has been advocated as a solution of some of our linguistic difficulties. It is certainly more efficient than either Hindi or Urdu from the point of view of rapid work. In these days of the type-writer and duplicator and other mechanical devices, the Latin script has great advantages over the Indian scripts which cannot utilise fully these new devices. But in spite of these advantages I do not think there is the slightest chance of the Latin script replacing Devanagari or Urdu. There is the wall of sentiment of course, strengthened even more by the fact that the Latin script is associated with our alien rulers. But there are more solid grounds also for its rejection. The scripts are essential parts of our literatures; without them we would be largely cut off from our old inheritance.

It may be possible however to reform our scripts to some extent. We have at present, besides Hindi

and Urdu, the Bengali, Marathi and Gujrati scripts, each of these three being very nearly allied to Devanagari. It should be easily possible to have a common script for these four languages. This need not necessarily be Devanagari, exactly as it is written today, but a slight variation of it. The development of a common script for Hindi, Bengali, Gujrati and Marathi would be a definite gain and would bring the four languages much nearer to each other.

I do not know how far it is possible for the Dravidian languages of the South to fit in with a northern script, or to evolve a common script for themselves. Those who have studied this might enlighten us on this point.

The Urdu script has to remain as it is, though some slight simplification of it might be attempted. It might easily absorb the Sindhi script which is very similar to it.

Thus we ought to have later on two scripts: the composite Devanagari-Bengali-Marathi-Gujrati, and the Urdu, and also, if necessary, a southern script. No attempt must be made to suppress any one of these, unless there is a possibility by general agreement of those concerned to fit in the southern languages with a northern script, which is likely to be Hindi, or a slight variation of it.

VII

Let us consider Hindustani both as the mother tongue of the north and central India, and as an all-India language. The two aspects are different and must be dealt with separately.

Hindi and Urdu are the two main aspects of this language. Obviously they have the same basis, the same grammar, the same fund of ordinary words to draw upon. They are in fact the same basic language. And yet the present differences are considerable, and one is

said to draw its inspiration from Sanskrit and the other to some extent from Persian. To consider Hindi as the language of the Hindus and Urdu as that of the Muslims is absurd. Urdu, except for its script, is of the very soil of India and has no place outside India. It is even today the home language of large numbers of Hindus in the North.

The coming of Muslim rulers to India brought Persian as a court language and, to the end of the Moghal period, Persian continued to be so used. The language of the people in north and central India continued to be Hindi throughout. Being a living language it absorbed a number of Persian words; Gujrati and Marathi did likewise. But essentially Hindi remained Hindi. A highly persianised form of Hindi developed round the Imperial courts but this was called *Rekhta*. The word Urdu seems to have come into use during the Moghal period in the camps of the Moghals, but it appears to have been used almost synonymously with Hindi. It did not signify even a variation of Hindi. Right upto the Revolt of 1857, Urdu meant Hindi, except in regard to script. As is well known some of the finest Hindi poets have been Muslims. Till this Revolt, and even for some time after, the usual term applied to the language was Hindi. This did not refer to the script but to the language, the language of Hind. Muslims who wrote in the Urdu script usually called the language Hindi.

It was in the second half of the nineteenth century that the words Hindi and Urdu began to signify something different from each other. This separatism grew. Probably it was a reflex of the rising national consciousness which first affected the Hindus, who began to lay stress on purer Hindi and the Devanagari script. Nationalism was for them inevitably at the beginning a form of Hindu nationalism. A little later the Muslims slowly developed their form of nationalism, which was Muslim

nationalism, and this began to consider Urdu as their own particular preserve. Controversy centred round the scripts and the use of them in courts and public offices. Thus the growing separatism in language and the conflict of scripts was the outcome of the growth of political and national consciousness, which to begin with took a communal turn. As this nationalism became truly national, thinking in terms of India and not in those of a particular community, the desire to stop this separatist tendency in language grew with it, and intelligent people began to lay stress on the innumerable common features of Hindi and Urdu. There was talk of Hindustani not only as the language of northern and central India but as the national language of the whole country. But still, unfortunately, communalism is strong enough in India and so the separatist tendency persists along with the unifying tendency. This separatism in language is bound to disappear with the fuller development of nationalism. It is well to bear this in mind for only then shall we understand what the root cause of the evil is. Scratch a separatist in language and you will invariably find that he is a communalist, and very often a political reactionary.

VIII

Although the terms Hindi and Urdu were interchangeably used for a long time during the Moghal period, Urdu was applied more to the language of the mixed camps of the Moghals. Round about the court and camp many Persian words were current and these crept into the language. As one moves southwards, away from the centres of Moghal court life, Urdu merges into purer Hindi. Inevitably this influence of the courts affected the towns far more than the rural areas, and the towns of the north far more than the towns of central India.

And this leads us to the real difference between Urdu and Hindi today—Urdu is the language of the towns and Hindi the language of the villages. Hindi is of course spoken also in the towns, but Urdu is almost entirely an urban language. The problem of bringing Urdu and Hindi nearer to each other thus becomes the much vaster problem of bringing the town and the village nearer to each other. Every other way will be a superficial way without lasting effect. Languages change organically when the people who speak them change.

IX

While Hindi and Urdu of ordinary household speech do not differ much from each other, the gulf between the literary languages has grown in recent years. In written literary productions it is formidable, and this has led some people to believe that some evil-minded persons are the cause of it. That is a foolish fancy, though undoubtedly there are individuals who take delight in increasing separatist tendencies. But living languages do not function in this way, nor can they be twisted much by a few individuals. We have to look deeper for the causes of this apparent divergence.

This divergence, though unfortunate in itself, is really a sign of healthy growth. Both Hindi and Urdu, after a long period of stagnation, have woken up and are pushing ahead. They are struggling to give expression to new ideas, and leaving the old ruts for new forms of literary expression. The vocabulary of each is poor as far as these new ideas are concerned, but each can draw on a rich source. This source is Sanskrit in the one case and Persian in the other, and hence as soon as we leave the ordinary language of the home or the market place and enter more abstract regions, the divergences grow. Literary societies, jealous of the

purity of the language they use, carry this tendency to extreme limits, and then accuse each other of encouraging separatist tendencies. The beam in one's own eye is not seen, the mote in the other's eye is obvious enough.

The immediate result of all this has been to increase the gulf between Hindi and Urdu and sometimes it almost appears that the two are destined to develop into separate languages. And yet this fear is unjustified and there is no reason for alarm. We must welcome the new life that is coursing through both Hindi and Urdu even though it might lead to a temporary widening of the gulf. Hindi and Urdu are both at present inadequate for the proper expression of modern ideas, scientific, political, economic, commercial and sometimes cultural, and they are both trying hard, and with success, to enrich themselves so as to meet the needs of a modern community. Why should either be jealous of the other? We want our language to be as rich as possible and this will not happen if we try to suppress either Hindi words or Urdu words because we feel that they do not fit in with our own particular backgrounds. We want both and we must accept both. We must realise that the growth of Hindi means the growth of Urdu and *vice versa*. The two will powerfully influence each other and the vocabulary and ideas of each will grow. But each must keep its doors and windows wide open for these words and ideas. Indeed I would like Hindi and Urdu to welcome and absorb words and ideas from foreign languages and make them their own. It is absurd to coin new words from the Sanskrit or Persian for well known and commonly used words in English or French or other foreign languages.

I have no doubt in my mind that Hindi and Urdu must come nearer to each other, and though they may wear different garbs, will be essentially one language. The forces favouring this unification are too strong to be resisted by individuals. We have nationalism and the

widespread desire to have a united India, and this must triumph. But stronger than this is the effect of rapid communications and transport and interchange of ideas and revolutionary changes going on in our political and social spheres. We cannot remain in our narrow grooves when the torrent of world change rushes past us. Education when it spreads to the masses will also inevitably produce standardisation and unification.

X

We must not therefore look even upon the separate development of Hindi and Urdu with suspicion. The enthusiast for Urdu should welcome the new spirit that is animating Hindi and the lover of Hindi should equally appreciate the labours of those who seek to advance Urdu. They may work today along parallel lines somewhat separate from each other, but the two will coalesce. Nevertheless, though we tolerate willingly this existing separatism, we must help in the process of this unification. On what must this unity be based? Surely on the masses. The masses must be the common factor between Hindi and Urdu. Most of our present troubles are due to highly artificial literary languages cut off from the masses. When writers write, who do they write for? Every writer must have, consciously or sub-consciously, an audience in his mind, whom he is seeking to influence or convert to his viewpoint. Because of our vast illiteracy, that audience has unhappily been limited, but even so it is big enough and it will grow rapidly. I am no expert in this matter but my own impression is that the average writer in Hindi or Urdu does not seek to take advantage of even the existing audience. He thinks much more of the literary coteries in which he moves, and writes for them in the language that they have come to appreciate. His voice and his word do not reach the much larger public, and if

they happen to reach this public, they are not understood. Is it surprising that Hindi and Urdu books have restricted sales? Even our newspapers in Hindi and Urdu barely tap the great reading public because they too generally use the language of the literary coteries.

Our writers therefore must think in terms of a mass audience and clientèle and must deliberately seek to write for them. This will result automatically in the simplification of language, and the stilted and flowery phrases and constructions, which are always signs of decadence in a language, will give place to words of strength and power. We have not yet fully recovered from the notion that culture and literary attainments are the products and accompaniments of courtly circles. If we think in this way we remain confined in narrow circles and can find no entrance to the hearts and minds of the masses. Culture today must have a wider mass basis, and language, which is one of the embodiments of that culture, must also have that basis.

This approach to the masses is not merely a question of simple words and phrases. It is equally a matter of ideas and of the inner content of those words and phrases. Language which is to make appeal to the masses must deal with the problems of those masses, with their joys and sorrows, their hopes and aspirations. It must represent and mirror the life of the people as a whole and not that of a small group at the top. Then only will it have its roots in the soil and find sustenance from it.

This applies not only to Hindi and Urdu but to all our Indian languages. I know that in all of them these ideas are finding utterance and they are looking more and more towards the masses. This process must be accelerated and our writers should deliberately aim at encouraging it.

It is also desirable, I think, for our languages to cultivate contacts with foreign literatures by means of

translations of both the old classics and modern books. This will put us in touch with cultural and literary and social movements in other countries and will strengthen our own languages by the infusion of fresh ideas.

I imagine that probably Bengali, of all Indian languages, has gone furthest in developing contacts with the masses. Literary Bengali is not something apart from and far removed from the life of the people of Bengal. The genius of one man, Rabindra Nath Tagore, has bridged that gap between the cultured few and the masses, and today his beautiful songs and poems are heard even in the humblest hut. They have not only added to the wealth of Bengali literature but enriched the life of the people of Bengal, and made of their language a powerful medium of the finest literary expression in the simplest terms. We cannot produce geniuses for the asking but we can all learn from this and shape our own course accordingly. In this connection I should also like to mention Gujrati. I am told that Gandhiji's simple and powerful language has had a great influence on modern Gujrati writing.

XI

Let us now consider the other aspect of Hindustani as an all-India language, bearing in mind that it is no rival to the great provincial languages and there is no question of its encroaching on them. For the moment let us set aside the question of script, for both scripts must have full play. We cannot of course insist on every one learning both scripts; that would be an intolerable burden for the masses. The State should encourage both scripts and leave the persons concerned, or their parents, to choose between the two. Let us therefore consider the content of the language apart from its script.

Apart from its widespread range and dominance

over India, Hindustani has certain other advantages as an all-India language. It is relatively easy to learn and its grammar is simple, except for the confusion of its genders. Can we simplify it still further?

We have a remarkably successful experiment to guide us, that of *Basic English*. A number of scholars, after many years labour, have evolved a simplified form of English which is essentially English and indistinguishable from it, and yet which is astonishingly easy to learn. Grammar has almost disappeared except for a few simple rules and the basic vocabulary has been reduced to about 980 words, excluding scientific, technical and commercial terms. This whole vocabulary and grammar can be put down on one sheet of paper and an intelligent person can learn it in two or three weeks. He will require practice of course in the use of the new language.

This experiment must not be confused with the many previous attempts to evolve a common world language—Volapuk, Esperanto etc. All such languages, though simple, were highly artificial and to learn them was an additional burden. The breath of life did not vitalize them and they could never become the languages of large numbers of people. Basic English, having all their advantages, does not suffer from this disadvantage, as it is a living language. Those who learn Basic English can not only have a simple and efficient means of communication with others, but they are already on the threshold of Standard English and can proceed further if they so wish.

My enthusiasm for Basic English might lead to the query: Why not have this as an all-India language? No, this cannot be, for the whole genius of this language is alien to our people and we would have to transplant them completely before we can impose this as an all-India language. The practical difficulties would also be far greater than in the case of Hindustani which is already so widely known all over India.

But I think that where we teach English as a foreign tongue, and we shall have to do this on an extensive scale, Basic English should be taught. Only those who wish to make a special study of the language, should proceed to Standard English.

XII

Can we evolve a *Basic Hindustani* after the fashion of Basic English? I think this is easily possible if our scholars will turn their minds to this end. The grammar should be as simple as possible, almost non-existent, and yet it must not do violence to the existing grammar of the language. The essential thing to be borne in mind is that while this Basic language is complete in itself for the expression of all non-technical ideas, it is yet a stepping stone to the further study of the language. The vocabulary might consist of a thousand words or so, not chosen at random because they are common words in the Indian languages, but because they form a complete whole and require no extraneous assistance for all ordinary speaking and writing.

Such a Basic Hindustani should be the all-India language, and with a little effort from the State it will spread with extreme rapidity all over the country and will help in bringing about that national unity which we all desire. It will bring Hindi and Urdu closer together and will also help in developing an all-India linguistic unity. On that solid and common foundation even if variations grow or diversions occur, they will not lead to separatism. Those who wish to add to their knowledge of Hindustani can easily do so, those who are content with knowing Basic Hindustani only can yet take part in the larger life of the nation.

I have said previously that we should not object to the development of Hindi or Urdu separately. The new

words that come in from either direction will enrich our inheritance, if they are vital, living words forced on us by circumstances or coming up from the masses. But the formation of artificial words with no real sanction behind them has no such significance. To a large extent we have to form artificial words to meet the growing needs of our political, economic, scientific and commercial life. In the formation of such words we should try to avoid duplication and separatism. We should be bold enough, I think, to lift bodily foreign technical words which have become current coin in many parts of the world, and to adopt them as Hindustani words. Indeed I should like them to be adopted by all the Indian languages. This will make it easier for our people to read technical and scientific works in various languages, Indian and foreign. Any other course will lead to chaos and confusion in the mind of the student who has to grapple with large numbers of technical terms, and who often has to read important books in other languages. An attempt to have a separate and distinct scientific vocabulary is to isolate and stultify our scientific growth and to put an intolerable burden on the teacher and taught alike. The public life and affairs of the world are already closely knit together and form a single whole. We should make it as easy as possible for our people to understand them and take part in them, and for foreigners to understand our public affairs.

Many foreign words can and should thus be taken in, but many technical words will have to be taken from our own language also. It is desirable that linguistic and technical experts should make a list of such words for common use. This will not only bring about uniformity and precision, in matters where variety and vagueness are highly undesirable, but will also prevent the use of absurd phrases and expressions. Our journalist friends have a knack of translating literally foreign words and phrases without caring much for the meaning

behind them, and then these loose words become current coin and produce confusion of thought. Trade union has been translated sometimes as *vyapar sangh*, a perfectly literal translation and yet as far removed from the truth as anything could be. But the choicest of the translations has been that of 'imperial preference'. This was called by an enterprising journalist *shahi pasand.*

XIII

What should then be the policy of the State in regard to language? The State has to decide this question in regard to its courts and offices, and education.

The official language of each province for affairs of State should be the language of the province. But everywhere Hindustani, as the all-India language, should be officially recognised and documents in it accepted in both the Devanagri and Urdu scripts. In the Hindustani speaking provinces the two scripts must be officially recognised and it should be open to any person to address a court or an office in either script. The burden of supplying a copy in the other script should not be put upon him. The office or the court may occasionally use either script, but it would be absurd to enforce the rule that everything should be done in both scripts. The script that is mostly used in the area which the court or office serves will become the dominant script of that court or office. But official notifications should be issued in both scripts.

State education must be governed by the rule that it should be given in the language of the student. Thus in each linguistic area the language of that area should be the medium of instruction. But I would go a step further. Wherever there are a sufficient number of people belonging to a linguistic group, even though they might be living in a different linguistic area, they can demand from the State that special provision be made

for teaching them in their own language. This would depend of course on such students being easily accessible from a convenient centre, and it would apply to primary education and, perhaps, if the number was large enough, to secondary education. Thus in Calcutta the medium of instruction would be Bengali. But there are large numbers of people there whose mother tongues are Hindustani, Tamil, Telugu, Gujrati etc. Each of these groups can claim from the State that their primary schools should be run in their own languages. How far it will be possible to extend this to secondary education, I do not quite know. That would depend on the number of pupils concerned and other factors. These pupils would of course have to learn Bengali, the language of the linguistic area they live in, but this is likely to be done in the early secondary stage and after.

In the Hindustani speaking provinces both Devanagari and Urdu scripts will be taught in the schools, the pupils or their parents choosing between them. In the primary stage only one script should be used but the learning of the other script should be encouraged in the secondary stage.

In the non-Hindustani speaking provinces Basic Hindustani should be taught in the secondary stage, the script being left to the choice of the person concerned.

University education should be in the language of the linguistic area, Hindustani (either script) and a foreign language being compulsory subjects. This compulsion need not apply to technical schools and higher technical courses. Provision for teaching foreign languages as well as our classical languages should be made in our secondary schools but the subjects should not be compulsory, except for certain courses, or for preparation for the university stage.

Among the provincial languages I have mentioned Pushtu and Punjabi. I think primary education should

be given in these, but how far higher education can also be given through them is a doubtful matter requiring consideration, as they are not sufficiently advanced. Probably Hindustani will be the best medium for higher education in these areas.

XIV

I have, with great presumption, made various suggestions ranging from primary to university education. It will be easy to criticise what I have written and to point out the difficulties in the way, for I am no expert in education or in languages. But my very inexpertness is perhaps in my favour and I can consider the problem from a layman's point of view and a detached outlook. Also I should like to make it clear that I am not discussing in this essay the important and difficult problem of education as a whole. I am only dealing with the language side of it. When we consider the whole subject of education we have to think in terms of the State and the society we are aiming at; we have to train our people to that end; we have to decide what our citizens should be like and what their occupations should be; we have to fit in this education to their life and occupations; we have to produce harmony and equilibrium in their private and social and public life. We shall have to lay far greater stress on technical and scientific training if we are to take our place in the modern world. All this and more we shall have to do, and in doing so we shall have to upset the present incompetent and inefficient and top-heavy system of education, and build anew on securer foundations.

But for the moment let us confine ourselves to the question of language and arrive at some general agreement in regard to it. I have written this essay with a view to invite consideration of this problem from a wider angle. If we agree to the general principles I have dis-

cussed, the application of them in practice will not be difficult. We are not in a position to apply most of these principles today in spite of so-called provincial autonomy. We have no financial resources and our hands are tied up in a variety of ways. But to the extent we can put our principles into practice we should do so.

It may be that there is general agreement in regard to some of the suggestions I have made, and some disagreement in regard to others. Let us at least know where we agree; the points for discussion and debate will then be limited in number and we can consider them separately.

I might add that my frequent references to linguistic areas and the language of the province, necessitate that provincial units should correspond with such language areas.

XV

To facilitate this consideration I give below some of my main suggestions:

1. Our public work should be carried on and State education should be given in the language of each linguistic area. This language should be the dominant language in that area. These Indian languages to be recognised officially for this purpose are: Hindustani (both Hindi and Urdu), Bengali, Gujrati, Marathi, Tamil, Telugu, Kannada, Malayalam, Oriya, Assamese, Sindhi and, to some extent, Pushtu and Punjabi.

2. In the Hindustani speaking area both Hindi and Urdu, with their scripts, should be officially recognised. Public notifications should be issued in both scripts. Either script might be used by a person in addressing a court or a public office, and he should not be called upon to supply a copy in the other script.

3. The medium of State instruction in the Hindus-

tani area being Hindustani, both scripts will be recognised and used. Each pupil or his parents will make a choice of script. Pupils will not be compelled to learn both scripts but may be encouraged to do so in the secondary stage.

4. Hindustani (both scripts) will be recognised as the all-India language. As such it will be open to any person throughout India to address a court or public office in Hindustani (either script) without any obligation to give a copy in another script or language.

5. An attempt should be made to unify the Devanagari, Bengali, Gujrati and Marathi scripts and to produce a composite script suited to printing, typing and the use of modern mechanical devices.

6. The Sindhi script should be absorbed in the Urdu script, which should be simplified, to the extent that is possible, and suited to printing, typing etc.

7. The possibility of approximating the southern scripts to Devanagari should be explored. If that is not considered feasible, then an attempt should be made to have a common script for the southern languages—Tamil, Telugu, Kannada and Malayalam.

8. It is not possible for us to think in terms of the Latin script for our languages, for the present at least, in spite of various advantages which that script possesses. We must thus have two scripts: the composite Devanagari—Bengali—Gujrati—Marathi; and the Urdu —Sindhi; and, if necessary, a script for the southern languages, unless this can be approximated to the first.

9. The tendency for Hindi and Urdu in the Hindustani speaking area to diverge and develop separately need not be viewed with alarm, nor should any obstruction be placed in the development of either. This is to some extent natural as new and more abstruse ideas come into the language. The development of either will enrich the language. There is bound to be an adjustment later on as world forces and nationalism press

in this direction, and mass education will bring a measure of standardisation and uniformity.

10. We should lay stress on the language (Hindi, Urdu, as well as the other Indian languages) looking to the masses and speaking in terms of them. Writers should write for the masses in simple language understood by them, and they should deal with problems affecting the masses. Courtly and affected style and flowery phrases should be discouraged and a simple vigorous style developed. Apart from its other advantages, this will also lead to uniformity between Hindi and Urdu.

11. A *Basic Hindustani* should be evolved out of Hindustani on the lines of Basic English. This should be a simple language with very little grammar and a vocabulary of about a thousand words. It must be a complete language, good enough for all ordinary speech and writing, and yet within the framework of Hindustani, and a stepping stone for the further study of that language.

12. Apart from Basic Hindustani, we should fix upon scientific, technical, political and commercial words to be used in Hindustani (both Hindi and Urdu) as well as, if possible, in other Indian languages. Where necessary, these words should be taken from foreign languages and bodily adopted. Lists of other words from our own languages should be made, so that in all technical and such like matters we might have a precise and uniform vocabulary.

13. The policy governing State education should be that education is to be given in the language of the student. In each linguistic area education from the primary to the university stage will be given in the language of the province. Even within a linguistic area, if there are a sufficient number of students whose mother tongue is some other Indian language, they will be entitled to receive primary education in their mother ton-

gue, provided they are easily accessible from a convenient centre. It may also be possible, if the number is large enough, to give them secondary education also in the mother tongue. But all such students will have to take, as a compulsory subject, the language of the linguistic area they live in.

14. In the non-Hindustani speaking areas, Basic Hindustani should be taught in the secondary stage, the script being left to the choice of the person concerned.

15. The medium of instruction for university education will be the language of the linguistic area. Hindustani (either script) and a foreign language should be compulsory subjects. This compulsion of learning additional languages need not apply to higher technical courses, though a knowledge of languages is desirable even there.

16. Provision for teaching foreign languages, as well as our classical languages, should be made in our secondary schools but the subjects should not be compulsory, except for certain special courses, or for preparation for the university stage.

17. Translations should be made of a considerable number of classical and modern works in foreign literatures into the Indian languages, so that our languages might develop contacts with the cultural, literary and social movements in other countries, and gain strength thereby.

ALLAHABAD
July 25, 1937

JAWAHARLAL NEHRU

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Salaries of Public Servants

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The people's right of fixing the highest public salary at Rs. 500 a month has now acquired reality. Congress Ministers in the provinces are serving on Rs. 500 a month. This has caused discussion regarding the desirability of a corresponding and general lowering of all public salaries, including those for administrative services. In course of this pamphlet prepared by Syt. MANINDRA NARAYAN ROY of the Foreign Department, a comparison between public salaries in India and those in representative countries of the world has been made. This has revealed that public salaries in our country are absolutely higher and relatively fantastic as compared with those in even the richest countries of the world.

We had to content ourselves with comparisons of types and representative cases. We should have very much liked to analyse the totality of public services and salaries in our country, the different grades and the total amount of public money spent. We should then have liked to compare these with similar categories of other countries. In view of the primitive state of government statistics in India, this appeared to be an almost impossible task. We will welcome for a subsequent edition all assistance in this direction.

We take this opportunity to offer our grateful thanks to all Foreign Consulates, and, in particular those of China, the United States of America, Japan, Germany, Turkey, Poland, Sweden, Nepal and Norway, who have been helpful to us. Syt. Manindra Narayan Roy brought an admirable industry to his task.

RAMMANOHAR LOHIA

SALARIES OF PUBLIC SERVANTS

The Karachi Session of the National Congress in 1931, in its resolution on Fundamental Rights and Economic Programme, stated in regard to salaries:

"Expenditure and salaries in civil departments shall be largely reduced. No servant of the State, other than specially employed experts and the like, shall be paid above a certain fixed figure, which should not ordinarily exceed Rs. 500 per month."

This resolution was criticised at the time by some people as it was so far removed from the actual practice in India. Most of us had become so much accustomed to the very high scale of salaries prevalent among the services in India, that a sudden scaling down seemed out of the question. This was an academic issue at the time, but with the formation of Congress Ministries in seven provinces, it has become a practical issue. These Ministries have to conform to Congress principles and ideals, and no Minister may draw a higher salary than Rs. 500 a month. They have been permitted by the Congress Working Committee to draw, in addition to the salary, a maximum allowance of Rs. 250 a month for house rent and motor car.

This scaling down of salaries has been widely welcomed, but there have been some criticisms also and various anomalies have been pointed out. These anomalies and contradictions are obvious. While a Minister, who is head of the department in his charge, draws Rs. 500, his secretary may draw five or six times that amount, and any number of other officers under him will be drawing salaries much higher than his. Professional people earn much more and businessmen have full freedom to pile up their dividends.

The criticism is justified to a large extent as a real scaling down of salaries should be general and applicable to all the services, and should be accompanied by corresponding

changes in the earning power of other classes. Ultimately it will involve fundamental changes in the social fabric. So far as the superior services are concerned, their salaries are protected by the new Constitution and neither the ministers, nor the Provincial Assemblies, can touch them. The contradiction and anomaly are thus in the constitution itself. When that constitution with its safeguards goes, this contradiction will also go with it. Meanwhile it is the purpose of the Congress to act up to its principles, in so far as it can, and to set new standards of public service and the remuneration to be paid for it.

The Congress is not at present concerned with the larger question of changing the social structure and replacing a new motive for the existing profit motive which runs through society today. It does seek, however, to remove the profit motive from public service, and to make of this really a service. It desires to create a new psychology in this respect, which will no doubt affect all departments of society and make subsequent changes easier.

For the present this question of reduction of salaries of public servants may be considered from a more limited viewpoint. Two principles govern the Congress outlook on the subject: the salaries of public servants should bear some relation to the paying capacity of the country and the general standards of the people; and secondly, salaries should be no test of merit or of the dignity of the office but should generally be in conformity with the needs of the individual concerned.

It is well known that neither of these two principles has been accepted or applied in India under British Rule. India, one of the poorest countries in the world, has had, as has still, one of the most expensive and highly paid superior public service in the world. The distance between the average Indian peasant or worker or the petty shopkeeper or even the lower services and the superior civil servant is enormous. Inevitably the two belong to entirely different worlds with nothing in common between them. Salaries also go on rising as one goes up in the service scale, and high salaries are a measure today of the superiority of the individual, and the pomp and dignity of his office.

It is true that, unhappily, the living standards of our masses are so terribly low that no amount of scaling down of our salaries of public servants can ever bring the latter within measurable distance of the masses. To go too far in this direction might impair the eficiency of the public servant. But to contend that the present scale of salaries is necessary to maintain efficiency is to say something that is not borne out by anything in India or elsevhere. From every point of view present day salaries and allowances of the higher services in India are indecently and patently too high. They are a terrible burden on the country, and they perpetuate division between the very high and the very low, and encourage subservience of the latter to the former. Even in a State based on the profit motive and on a division of classes, and of rich and poor, there should be some limit, at any rate in the State services, beyond which this disparity should not be allowed to go. That limit surely has been grossly exceeded in India, and there must be very few persons indeed who believe that the Indian people have got, or are getting, their money's worth out of these services.

In considering this question, it is desirable to know the conditions in other countries and the scale of public salaries that prevails there. In making this comparison with India, it should be remembered that all these countries to which reference is made, are far richer than India and their standards of living are far higher.

INDIA AND JAPAN

The comparison with Japan is particularly instructive. Japan is a great power, a leading industrial country, and politically and economically is far in advance of India. Japan is thus in a position to pay considerably higher salaries to public servants than India is.

The latest Japan Year Book does not give any figure regarding the *per capita* income of a Japanese. But it puts down the total value of the agricultural and industrial production in Japan proper in 1933 at 12,331,591,000 yens. As this figure has been arrived at by adding the values of production in most agricultural and industrial pursuits,

including the working of the mines, forests and rivers and seas, we may safely take it to represent the total national dividend of Japan for the year 1933. Divided among a total population of 67,238,600, the per capita income in Japan works out at 184 yens. Expressed in rupees at the present rates of exchange, the amount comes to just a little over Rs. 143. (Under more favourable rates, it would reach the Rs. 200 mark.).

Compare this with the per capita income in India which, at the highest computation, has been found to be about Rs. 80. This figure was worked out before the disastrous fall in prices in 1929-30. The present per capita income in India must, therefore, be very much lower than this figure. Even if we accept the figure of Rs. 80 as the Indian's average income for our present purposes we find that the per capita income in Japan is almost double of that, higher by as much as 80 per cent.

Almost equally marked contrasts are noticeable in the average earnings of wage earners in the two countries. The low scale of wages of industrial workers in India is a notorious fact. Unfortunately, however, no scientific and systematic enquiry has been made into the subject and we have not got adequate data regarding the general rates of wages in India. The only standard works we can refer to for this purpose are the few reports published from the Labour Office at Bombay. According to the latest of these reports on the Engineering industries, ordinary carpenters, ordinary blacksmiths, ordinary electrical fitters, engine and boiler cleaners and oil engine drivers receive respectively the monthly wage of Rs. 31-5-6, Rs. 29-6-8, Rs. 38-5-7, Rs. 25-2-10 and Rs. 52-8-11. Compared with these scales of wages we have it in the latest Japan Year Book that the monthly average wage in the engineering and construction industries in Japan is Rs. 54-1-3. It will be seen that the average wage in Japan in these industries is higher than the highest wage paid in India and more than twice that paid to the Indian electric fitter. The contrast will appear more striking if we remember that the Indian figures are fixed mostly on the returns received from the Railway Workshops which are part of the State Railways and in which a higher rate of wages prevails

than are paid in small and private concerns which constitute quite a substantial fraction of the total engineering industry.

The condition is more or less the same in the printing industry also. A rotary machine attendant in Bombay no doubt receives Rs. 53-10-2 as against the average wage in the printing industry in Japan of Rs. 50-6-1. But in the same industry a compositor in Bombay receives Rs. 36-11-6 and a Treadle Machineman only 33-9-7 which are lower than the average wage in Japan by 38·8 per cent and 51·5 per cent respectively.

The contrast is equally noticeable in the cotton textile industry. The average monthly wage in Japan is given in the latest Year Book as Rs. 36-6-3. As against this we find in the Bombay Labour office report that in Bombay while a Mule spinner gets Rs. 36-4-2 and a six loom weaver as much as Rs. 45-10-5, a one loom weaver, a warper, and a carding machine attendant gets Rs. 25-15-9, Rs. 22-7-3, and Rs. 17-15-9 respectively.

We have more figures regarding the average wages in other industries in Japan but as corresponding Indian figures are not available for comparison, it is useless to cite them here. Our main contention, namely that the people of Japan are more prosperous than the people of India and, therefore, are in a better position to pay higher wages to their public servants, stands amply substantiated by the comparisons that we have been able to make in the foregoing paragraphs.

The question may be viewed from another angle also. We have already stated as a general principle that the salary bill of a Government should bear some reasonable proportion to the total revenues of the State. It follows from this that the higher the revenues, the higher may be the salaries of public officials. From this standpoint it is interesting to compare the revenue figures of Japan with those of India. We have it in the latest issue of the Japan Year Book that the total receipts for the year 1935-36 were estimated in the budget at Rs. 1,72,24,84,236. Compare this figure with the budget estimate of the Government of India for the same year, namely Rs. 1,22,76,41,000 and it will be seen that the revenues of Japan are higher than the revenues of India by as much as

40·3 per cent.

The foregoing paragraphs make it quite clear that the individual as well as national finances of Japan justify the payment to public officials of higher salaries than should be paid to the public servants in India. Yet we find that salaries in Japan are far lower than in India. The following table, compiled from official sources, gives us the salaries of the top-most officials:

	per year (yen)	per month (Rupees)
Prime Minister	9,600	622 0 0
Other Ministers	6,800	440 9 4
Secretaries	5,800	375 12 8
Governor-General of Korea	6,800	440 9 4
Chancellor of Privy Council	6,600	427 10 0

It is interesting to compare these figures with the figures of the salaries of high State officials in India. Lest the unquestionably smaller area and population of Japan should be cited as an argument in justification of the higher rate in India, we take into consideration, not the salaries of the approximately corresponding officers of the Government of India, but of the Government of those provinces which bear comparison with Japan in points of area and population. The Punjab has a population of 2,35,80,852 as compared with 2,10,58,305 of Korea; and yet the Governor of the Punjab receives a salary of Rs. 8333-5-4 per month*. It will be seen that while the population of the Punjab is higher than the population of Korea by only 11·8 p.c. the Governor of the Punjab receives a salary which is 18 times that of the Governor General of Korea, higher by as much as 1793·8 per cent. There is no province in India whose population is approximately equal to the population of the Japanese Empire as a whole. We cannot therefore, directly compare the salary of

*The Indian Governors receive allowances which are twice and thrice over their salaries. *See Appendix.*

the Prime Minister of Japan with the salary that used to be paid to a member of the old Executive Council in an Indian province or the salary which is at present given to non-Congress Premiers. But we may bring out the contrast in another way. Bengal has a population of 50,114,002 which is less than half the population of the Japanese Empire including the colonies. If, therefore, the number of people that a Prime Minister governs be taken as denoting his responsibility and if, again, it be conceded that the salary of an official should be proportionate to his responsibility, then the salary of the Prime Minister of Japan should be a little less than double the salary of the Prime Minister of Bengal. Yet we find that the non-Congress Premier of Bengal receives a salary of Rs. 3000 per month which is more than four times the salary of the prime minister of Japan. It should also be noted in this connection that while the Prime Minister of Japan receives only ·000003 per cent of the revenues of Japan, i.e., for every 1000000 collected by the Japanese State, the Premier gets Rs. 3. The Premier of Bengal draws as much as ·0002 per cent i.e., for every Rs. 10000 collected in Bengal, the Premier gets Rs. 2. In other words, on the basis of their respective shares in the total revenues of the State the Bengal Premier receives 100 times the salary of his Japanese colleague. To take up again, the case of secretaries, we know that the I.C.S. Chief Secretaries of the Provincial Governments receive salaries which vary between Rs. 2150 in Orissa and Rs. 5333 in Bengal. It will be seen that even the lowest paid Chief Secretary in an Indian Province receives a salary which is more than five times that of the salaries of Secretaries in Japan.

Coming down to Civil Services proper, we find the same striking contrast between the salaries of the civil servants in Japan and those of the civil servants in India. In Japan Civil officials are divided into four ranks according to their grade of merits, education and ability, namely, (1) Shinnin rank appointed by His Majesty directly (2) Chokunin rank appointed by His Majesty's order indirectly, (3) Sonin rank appointed by His Majesty's approval, and (4) Hanin rank, of minor officials appointed by the heads of different offices. At the end of 1934 officials of Shinnin and Chokunin rank

numbered 1609 with an aggregate salary of yens 8,296,314 a year, officials of Sonin rank 13985 with yens 37,073,394 and officials of Hanin rank 120,098 with yens 117,963,318. Thus, the average salary of officials of Chokunin rank was yens 5156 a year or Rs. 334-1 per month, that of officials of Sonin rank, yens 2,651 or Rs. 171-12-3 per month and that of officials of Hanin rank yens 982 a year or Rs. 63-10 per month.

There is no need to emphasise here the great difference between the above scales of salaries of civil servants in Japan, and the scale that prevails in India. It is enough to point out that, while the average salary of an official of the Imperial cadre in Japan is only a little over Rs. 334 a month, the lowest salary drawn by a District Magistrate in Bombay amounts to as much as Rs. 1,150 a month which is two-and-a-half times the salary of a Japanese officer of the same rank. It would be interesting and revealing indeed if we could bring out the contrast between the civil services in Japan and the civil services in India in points of numerical strength and total salary. But we have not been able to ascertain the exact number of civil servants employed in any province in India. We have, however, ascertained approximately from the combined all-India Civil List the number of officers of the Imperial and other higher services who are employed in the provinces. We have also added together the scheduled salaries due to be paid to them from the provincial revenues. The number thus ascertained obviously falls far short of the actual number of officers employed in the provinces most of whom receive much higher salaries than those paid to the highest paid official in Japan. The figure of salaries paid is also far from accurate, inasmuch as the Civil List, curiously enough, does not mention the salaries of quite a large number of officers whose names occur with conspicuous prominence. In spite of these limitations, the figures that we have been able to ascertain for the present are likely to prove helpful for the purpose of comparison. Thus, to take the province of Bengal again we find that the total number of officers (excluding those on leave or on deputation) of the I.C.S., I.P.S., I.M.S. Industries Department, Cooperative Department, Agriculture Department, Forest Department, Excise, Opium,

Salt and Customs Departments, Prisons Department, Education Department, and Public Works and Irrigation Departments, who are employed in Bengal, comes to 399 who in the aggregate receive approximately Rs. 5,19,406 per month and none of whom receives a salary lower than Rs. 500 per month. The average salary thus works out at a little over Rs. 1301 per month which is almost three times as much as the highest average salary in Japan. With the data at present in our possession we cannot prove conclusively that, proportionately speaking, Bengal or any other Indian province employs a much higher number of officers drawing a much higher total amount than the corresponding figures for Japan. But we have no doubt that any painstaking student who cares to analyse a provincial civil list will be able to prove the point for himself.

We have said enough in the foregoing paragraphs to prove, on the one hand, that Japan pays to her public servants salaries on a much lower scale than the scale prevalent in India and, on the other hand, that the Congress has not fixed a utopian maximum of salary for the public servants in India. We might add that nothing has so far been heard as regards the deterioration of the efficiency of public servants in Japan or the prevalence of corruption and bribery on account of the low scale of salaries.

INDIA AND POLAND

If we compare the salaries of public servants in India with those of public servants in Poland, we notice almost similar discrepancies in the scales and find that, relatively speaking, the Indian scale is much higher. Poland, according to the latest census report, has a population of 2,133,500 which is less than the population of the former province of Behar and Orissa by 5,544,078. We might expect that a much higher scale of salaries will prevail in Poland inasmuch as Poland is economically much better off than Behar and Orissa which, as it happens, is poorer than many other Indian provinces like Bombay and Bengal. We have not been able to ascertain the *per capita* income in Poland, even the latest Year Book of Poland being silent on this point. We have,

however, other data to compare the economic condition of the two countries and to establish the relative prosperity of Poland. According to the reports issued by the Bombay Labour Office, a Steam Engine driver in Bombay receives a little over Rs. 83 per month while a Mule spinner and a six loom weaver in the textile industry receive a little over Rs. 36 and Rs. 45 respectively. In contrast with this we find in the latest Year Book of Poland that the average hourly earnings in the Engineering and Textile Industries in Poland amounted to 1·17 zlotys and 0·77 zlotys respectively according to the latest calculations. Expressed in rupees on the basis of an eight hour day the figures come to Rs. 146 and Rs. 96 respectively which are higher than the corresponding Indian figures by 75·9 per cent and 113·3 per cent respectively or, in other words, 1½ times more than and twice as much as the respective figures for Bombay. The budget receipts of Poland also tell the same tale of relative prosperity. The revenue receipts in Poland for 1935-36 were estimated at 2,120,400,000 zlotys or Rs. 110,26,08,000 as against the estimated revenue receipts for Behar and Orissa for the same year of Rs. 5,53,96,000. The revenues of Poland were higher than the revenues of Behar and Orissa by as much as 1890.4 per cent or, in other words, Poland has a revenue which is over 19 times higher than the revenues of Behar and Orissa.

It will be clear from what has been said above that Poland is in a much better position to pay high wages to her officials than our poor province of Behar. Yet the fact is that the scale of salary in Poland is much lower than the scale allowed in Behar. The President of the Republic of Poland, for example, receives a salary of only 3,000 zlotys or Rs. 1,560 per month as against the Behar Governor's salary of Rs. 8,333-5-4, which is more than 5 times higher than the salary of the President of Poland. Even a District Magistrate whose salary may rise up to Rs. 3,500 receives a much higher salary, even absolutely, than the President of Poland.

We may look at the astounding discrepancies between the positions of the two countries and the glaring inequity of the Indian system from another angle also. While in

Poland there are no more than 13 officers (including the President) who receive a salary above Rs. 1,000 per month, there are in Behar and Orissa as many as 156 officers of the Imperial Services alone whose salary is higher than Rs. 1,000 per month.

Such contrasts may be multiplied indefinitely. But enough has been said above to show that an Indian province stands as a symbol of extravagance in comparison with Poland. Relatively as well as absolutely, Poland pays a much lower salary to her public servants than India.

INDIA AND THE UNITED STATES OF AMERICA

The scale of salaries in India is extravagant not only in comparison with Japan and Poland but also in comparison with America. Superficial observers have often been misled by the high figures of salaries of the high functionaries in America. Indeed, the general impression prevails in India that the salaries of Indian officials, high though they be, cannot bear comparison with the salaries of public officials in U.S.A. This impression, as we shall presently show, is not correct.

In examining the figures of salaries of public officials in U.S.A. it should constantly be borne in mind that America is almost incomparably richer than India. "The land of Dollars" is known all over the world for its fabulous wealth. The *per capita* national income in U.S.A. amounts to as much as 676 dollars or Rs. 1,845 which is more than 22 times higher than the *per capita* national income in India. If the salary of the public official is at all to bear any proportion to the income of the people,—which we hold it should,—then, on this ground alone, the salary of an officer in U.S.A. ought to be 23 times higher than the salary of the corresponding official in India, or, conversely, the salary of an Indian official ought to be about 1|23rd of the salary of the corresponding official in U.S.A. We shall see presently that the actual condition is far different.

Then again, the average earnings of a worker in U.S.A. are considerably higher than the average earnings in India.

According to the Year Book of Labour Statistics for 1935-36 issued from the International Labour Office, the average hourly earnings of skilled workers in the Iron and Steel industry and cotton textile industry in U.S.A. amounted in March 1936 to 0.687 dollars and 0.500 dollars respectively. Expressed in rupees on the basis of an eight hour day the figures come to Rs. 450 and Rs. 327-6 per month respectively. It will be seen that in comparison with the earnings of the workers in the Engineering and textile industries in Bombay the U.S.A. figures are higher by more than 5 times and 7 times respectively. Therefore from this standpoint also the case for Indian salaries being lower than the salaries in U.S.A. is quite strong.

Finally, a comparative analysis of the budgets of the two countries also leads us to the same conclusion. In population the U.S.A. is smaller than India. Nevertheless, we find that while in India the revenue receipts for 1936-37 were estimated at Rs. 1,22,76,41,000, the actual receipts in U.S.A. in 1935-36 amounted to 4,115,956,615 dollars or Rs. 11,231,561,559. It will be seen that the revenues of U.S.A. are eight times the revenues of India. One would expect that the salaries of public officials in the two countries would reflect their respective budgetary positions.

But the position is entirely different. The President of the United States, for example,—who in status, power and international prestige stands far higher than the Governor-General of India and whose salary, therefore, we may well compare with the salary of the Governor-General of India, draws a monthly salary of Rs. 17,062 as against Rs. 21,333 drawn by the Governor-General of India. The contrast is striking. The Governor-General of a Dependency, the revenues of which amount to about 1|8th of the revenues of U.S.A. and who rules over a people whose average income per head is about 1|23rd of the average income of an American, draws a salary higher than that of the President of the U.S.A. We must remember that the cost of living in the U.S.A. is at least four times that of India and, so, for purposes of accurate comparison, the U.S.A. salaries ought to be reduced to one-fourth of their actual amount.

Still more marked contrasts are traceable in other ranks

of officials in the two countries. Thus we find that, while a member of the Viceroy's Executive Council draws a salary of Rs. 6,667 per month, a member of the Cabinet of the American President draws only Rs. 3,412. The Governor of New York State receives a salary of Rs. 5,687 per month while the Governor of C.P., the population of which is nearly equal to the population of New York, draws as much as Rs. 6,000 per month. The contrast is more pronounced in the case of South Dakota. The population of this State is just a little higher than the population of Delhi Province. Yet, while the Chief Commissioner of Delhi draws a salary of Rs. 3,000 per month, the Governor of South Dakota does not get more than Rs. 682 per month. Again, while the Chief Justice of Bengal gets a salary of Rs. 6,000 per month, the Chief Justice of the United States draws only Rs. 4,550.

We have not been able to ascertain the salaries of the officers of the civil services proper for the purpose of comparison with the officers of the corresponding ranks in India. But we may draw inferences from the above figures. America is not a socialist State believing in equality nor has any one in America yet accepted a cabinet post on a salary lower than the lowest paid sub-divisional officer as Congressmen have done in India. We may legitimately infer, therefore, that the salaries of civil servants in U.S.A. must be proportionately lower than the salaries of Cabinet Ministers and Governors. In that case, those salaries are bound to be lower than the salaries of Indian officers, not relatively but absolutely as has been demonstrated above in the cases of some of the highest officials of the State.

So, then, even the "Land of Dollars" does not squander away public money over salaries in the same way as is done in India. There the salary of the officials bears a reasonable proportion to the revenues of the State and the average income of the people.

INDIA AND OTHER EMPIRE COUNTRIES

No study of the question of the salaries of public servants in India can be deemed complete if the salaries prevailing in other Empire countries, especially Great Britain,

are not included in its scope. This has become all the more imperative because recently the British Parliament has, after due consideration and prolonged deliberations, voted for substantial increase in the salaries of members of the Cabinet. We propose, therefore, to examine briefly in this section these salaries and the salaries prevailing in other Dominions, Colonies and Dependencies. In the appendices to this pamphlet we give such figures as we have been able to obtain so far. We hope that readers will examine them carefully bearing in mind the principles we have stressed throughout this pamphlet. To them one more must be added here. It should not be forgotten that the scales of salaries in Britain as well as in other Empire countries have been determined by British Imperialism whose quest for colonies was inspired as much by a desire for commercial expansion as for finding lucrative jobs for the capable youths of Great Britain. Therefore, consciously or subconsciously, the desire to fix the scale of salaries at the highest attainable level was throughout present in the minds of those who had anything to do with the determination of these salaries. Secondly, it should also be borne in mind that in all these cases, as in the case of India, the bulk of the revenues is derived from the natives of the colonies who have no voice in the matter of the disposal of the revenues and who can, therefore, be exploited with impunity. If only the reader remembers these two points, he will understand without difficulty why, if at all, the salaries in certain Empire countries are on a par with the salaries prevalent in India.

These observations, however, do not hold good in the case of the United Kingdom. Great Britain as the heart of the British Empire, is one of the most wealthy and prosperous countries in the world. With a population which is just a little over 12 per cent of the population of India, Great Britain enjoys a prosperity which cannot bear any comparison with conditions in India. As has already been shown in one of the bulletins of the A. I. C. C. Foreign Department, Great Britain draws an annual income of £185 million or Rs. 24,66,666,666-8 from her overseas investments and £ 75 million or Rs. 1,000,000,000 from her shipping. According to a moderate estimate, Britain's national income

per capita amounts to £ 93 or Rs. 1,240 which is more than 14 times higher than the *per capita* income in India. The monthly earning of a skilled labourer in the Engineering industry in Britain amounts to Rs. 185 which is more than double the monthly earning of a steam engine driver in Bombay. Lastly, the actual revenue receipts of Great Britain for 1935-36 was higher than the budget estimate of the Government of India for 1936-37 by Rs. 10,036,027,587 or more than 817 per cent. It is unnecessary to say anything more to establish the relative prosperity of Britain.

Yet, in spite of such prosperity, the salaries in Great Britain are not even absolutely higher than the salaries of public officials in India. Even after the recent increase, the salary of the Prime Minister of Great Britain stands at only Rs. 11,111 which is higher than the salary of the Governor of Bengal by only a little over 11 per cent but half of that of the Governor-General of India, or lower by Rs. 10,222.* The Prime Minister of Great Britain takes only ·00009 per cent of the revenues of England, i.e. for every Rs. 100,000 collected by Great Britain the British Prime Minister gets Rs. 9 while the Governor-General of India draws as much as .001 per cent of the revenues of India, i.e. for every Rs. 1,000 collected by the India Government, the Viceroy draws Rs. 1. On this basis, therefore, the Viceroy of India draws a salary which is 10 times that of the Prime Minister of Great Britain.

We are led to more interesting conclusions when we examine the salaries of the other Ministers in Britain in relation to those of similar posts in India. Even after the recent increases, each Minister in the British Cabinet receives an annual salary of £ 5,000 or Rs. 5,555 per month. This salary is lower than the salary of a member of the Viceroy's Executive Council which is Rs. 6,667. Let us compare it with the salary of the Premier of Bengal. We find that the salary of a Cabinet Minister in Britain represents only ·00004 per cent of the revenues of England while the salary of the

*While making all these comparisons, we must not forget the enormous allowances of the Viceroy and Governors of India. These range between Rs. 5 laks and Rs. 6 laks a year.

Premier of Bengal represents as much as .002 per cent of the revenues of Bengal. To bring out the truth more clearly, let us point out that .00004 per cent of the revenues of Bengal would amount to only Rs. 45 which, proportionately with a Minister of England, a Minister of Bengal ought to receive.

We need not discuss in detail the discrepancies between the salaries of the members of the respective Civil Services of England and India. Mr. D. R. Gadgil of the Gokhale Institute of Politics and Economics has done so with lucidity in his admirable tract entitled "The salaries of Public Officials in India," and the interested reader should refer to this. It is sufficient if we simply point out here that the highest salary which a British Civil servant can look to is only £ 3,000 per annum or Rs. 3,333 per month, and that only when he rises to the post of the Permanent Secretary of a department. Such posts are very few. The total strength of the civil servants in Britain is 1,140 of whom the majority have to be satisfied with salaries ranging between Rs. 777 and Rs. 1,000 per month. It is not said in England, as it is in India, that the best type of young men cannot be attracted to State services if a high salary is not offered to lure them away from lucrative businesses and professions.

Let us take the case of Canada next. The *per capita* national income in Canada amounts to Rs. 1,398 which is more than 17 times the *per capita* income in India. Though having a population which is lower than the population of C.P. by over 16 lakhs, Canada has a revenue of Rs. 533,118, 493 which is higher than the revenues of C.P. by about 48 crores. In other words, the finances of Canada are more than 11 times better than the finances of C.P. Yet the Prime Minister of Canada receives only Rs. 3,375 per month which is lower than what used to be paid to a member of a Governor's Executive Council before the April 1st last. Other Ministers in Canada receive only Rs. 2,250, which is lower than the salary of any Divisional Commissioner in India.

To take the instance of the Union of South Africa next, we find that in point of population it stands just a little higher than Assam which, by the way, is the poorest province

in India. We have no figures of *per capita* income in South Africa, but the prosperity of the Union may well be gauged from the fact that the revenues of South Africa in 1934-35 amounted to more than 21 times the revenues of Assam. Yet we find that the Prime Minister of South Africa receives a salary of Rs. 3,888 which is higher than what used to be paid to a former Executive Councillor by only about Rs. 300. The rest of the Ministers in South Africa receive only Rs. 2,777 each. The salaries of officers in the administrative ranks are much lower, the highest admissible being only Rs. 1,777. In self-explanatory contrast with this, we may point out that there are in poor Assam more than 20 officers of the Imperial Services who receive salaries higher than Rs. 2,000 per month.

We have given above the analyses of a few typical cases taken at random from the group known as the British Empire. Salaries attached to ministerial offices in the other Colonies and Dependencies are given in tabular form as appendices. The reader may analyse the figures for himself and arrive at his own conclusions.

INDIA AND TURKEY

Let us refer in passing to Turkey. There are in Turkey 18 groups of Government officials who draw salaries on different scales. In one of the appendices we have given the details of these scales in Turkish pounds as well as in rupees. A glance at this table will convince the reader that there is no need of any minute analysis or detailed comparison of these scales with those prevailing in India. It is not clear from this table whether the first two groups include the salaries of the President of the Turkish Republic and his Cabinet Ministers. But even if it is not so and the salaries represent only the emoluments due to the civil servants, our case stands amply substantiated on the basis of these figures. If the highest salary in Turkey be only Rs. 318 per month, the question of comparison with India does not arise at all, for in India even a Deputy Collector does not start his career on less than Rs. 300 per month. Yet the revenues of Turkey were budgeted in 1936-37 at 212,764,000 Turkish pounds or Rs. 45,21,23,500 as against Rs. 11,22,67,000 of Bombay

which is comparable with Turkey in point of population. It is just possible that the economists of Turkey will charge the Congress with extravagance for having fixed the maximum salary at Rs. 500 a month.

CONCLUSION

The question of salaries of public servants is an all-important one for any State. It is more so for India because here Imperialism has introduced a system which is unique in its inequity. It has impoverished an already poor exchequer, diverted a substantial portion of national finances to unproductive channels leading to the retardation of national development, created a new aristocracy of position and wealth, divided artificially the population of India, lured away the promising youths from industrial pursuits and, last but not least, created a formidable group who are impelled by sheer instinct of self-preservation to side with British Imperialism as against all movements for the radical reconstruction of society. The system deserves to be studied from all points of view and thoroughly overhauled. The scope of our study in this pamphlet, however, has been a limited one. We have tried, to show that the existing scale of salaries in India is disproportionately high, and that the maximum figure fixed by the Congress is eminently reasonable and comparable to the salaries paid in far richer countries.

We have referred above to Mr. Gadgil's work which we commend for a further study of this subject. We would also commend Prof. K. T. Shah's brochure on "The Public Services of India."

APPENDICES

INDIA

	Salary per month Rs.	a.	p.
Central Government—			
Governor-General	21,333	5	4
Commander-in-Chief	8,333	0	0
Members of Executive Council ..	6,666	10	8 each
The Provinces—			
Chief Commissioner of Andaman and Nicobar Islands	3,000	0	0
Governor of Assam	5,500	0	0
Baluchistan	4,000	0	0
Governor of Bengal	10,000	0	0
„ Bihar	8,333	5	4
„ Bombay	10,000	0	0
„ Central Provinces ..	6,000	0	0
Chief Commissioner of Coorg ..	4,000	0	0
„ „ Delhi ..	3,000	0	0
Governor of Madras	10,000	0	0
„ N. W. F. P. ..	5,500	0	0
„ Orissa	5,500	0	0
„ Punjab	8,333	5	4
„ U. P.	10,000	0	0
„ Sind	5,500	0	0
„ Burma	10,000	0	0
CHIEF SECRETARIES			
Chief Secretary of Assam	2,250	0	0
„ Bengal	5,333	5	4
„ Behar	3,000	0	0
„ Bombay	3,000	0	0
„ C. P.	2,200	0	0
„ Madras	3,750	0	0
„ N. W. F. P. ..	1,900	0	0
„ Orissa	2,150	0	0
„ Punjab	3,000	0	0
„ U. P.	3,000	0	0

Divisional Commissioners	3,000	0	0	to	4,000	0	0
District Officers	1,200	0	0	to	3,500	0	0

(One District Officer in N. W. F. P. gets Rs. 850)

Lowest Salary in the I. C. S. 450 0 0

N.B.—The above figures do not include allowances which are, in most cases, considerable. The Governors of the three Presidencies of Madras, Bombay and Bengal, for example, draw allowances on various accounts which amount to Rs. 5,61,500, Rs. 5,15,600 and Rs. 5,86,800 respectively.

GREAT BRITAIN

£ 1=Rs. 13⅓

	Cabinet	per annum in £	per month in Rs.
1.	Prime Minister	10,000	11,111 1 9⅓
2.	Lord President of the Council	5,000	5,555 8 10⅔
3.	Lord Chancellor	10,000	11,111 1 9⅓
4.	Chancellor of the Exchequer	5,000	5,555 8 10⅔
5.	Secretary of State for Home Affairs	5,000	5,555 8 10⅔
6.	Secretary of State for Foreign Affairs	5,000	5,555 8 10⅔
7.	Secretary of State for the Dominions	5,000	5,555 8 10⅔
8.	Secretary of State for Colonies	5,000	5,555 8 10⅔
9.	Secretary of State for War ..	5,000	5,555 8 10⅔
10.	Secretary of State for India ..	5,000	5,555 8 10⅔
11.	Secretary of State for Air ..	5,000	5,555 8 10⅔
12.	First Lord of Admiralty ..	5,000	5,555 8 10⅔
13.	President of the Board of Trade	5,000	5,555 8 10⅔
14.	Minister of Health ..	5,000	5,555 8 10⅔
15.	Minister of Agriculture and Fisheries	5,000	5,555 8 10⅔
16.	Secretary of State for Scotland	5,000	5,555 8 10⅔
17.	President of the Board of Education	5,000	5,555 8 10⅔
18.	Lord Privy Seal	5,000	5,555 8 10⅔
19.	Minister of Labour ..	5,000	5,555 8 10⅔
20.	First Commissioner of Works	5,000	5,555 8 10⅔
21.	Minister for the Coordination of Defence	5,000	5,555 8 10⅔
22.	Minister of Transport ..	5,000	5,555 8 10⅔

Other Ministers

		per annum in £	per month in Rs.
1.	Attorney-General	4,500 & fees	5,000 0 0 and fees
2.	Chancellor of the Duchy of Lancaster	2,000	2,222 3 6⅔
3.	Post-Master General	2,500	2,777 12 5⅓
4.	Minister of Pensions	2,000	2,222 3 6⅔
5.	Solicitor-General	4,000 & fees	2,777 12 5⅓ and fees
6.	Lord Advocate	5,000	5,555 8 10⅔
7.	Solicitor-General for Scotland	2,000	2,222 3 6⅔

Population—44,937,444 (1931)

Revenue in Rupees

	Rs.
Ordinary revenues (estimate) for 1937-38	11,30,60,00,000
Actual for 1935-36	11,26,36,68,587
Income Tax (actual) 1935-36	3,16,48,31,093
Estate duty, succession duty etc.	1,17,39,19,307
Together	4,33,87,50,400

NORTHERN IRELAND

	per annum in £	per month in Rs.
Governor	£ 7,200 (payable from Imperial revenues £ 1,800 being recovered from Northern Ireland revenues).	Rs. 8,000 (payable from the Imperial revenue, 2,000 being recoverable from Northern Ireland revenues).
Prime Minister	2,720	3,022 3 6⅔
Finance	1,700	1,888 14 2⅔
Home Affairs	1,700	1,888 14 2⅔
Labour	1,700	1,888 14 2⅔
Education	1,700	1,888 14 2⅔
Agriculture	1,700	1,888 14 2⅔
Commerce	Unpaid	

THE IRISH FREE STATE

	per annum in £	per month in Rs.
Chairman of the Dail	1,000	1,111 1 9⅓
Deputy Chairman	750	833 5 4
President	1,500	1,666 10 8
Ministers	1,700	1,888 14 2⅔
Members of Dail	£ 30 per month and first class travelling.	400+first class travelling.

Population—2,965,854 (1936)

Revenue in Rupees

	Rs.
Receipt (actual) 1935-36	408,026,667
Income-tax and Super-tax	69,440,000
Estimate 1936-37	402,560,000
Income and Super-tax	70,426,667

CEYLON

		Rs.
Governor .. .	£ 8,000 (including entertainment allowance of £ 1,500)	8,888 14 2⅔

CYPRUS

	£	Rs. a. p.
Governor	3,600	4,000 0 0
Colonial Secretary	1,400	1,555 8 10⅔

HONG-KONG

		Rs. a. p.
Governor ..	£ 7,000 (including £ 2,200 allowance)	7,777 9 4 (all. 2,444 7 1⅓ including)

UNION OF SOUTH AFRICA

	per annum in £	per month in Rs.
Governor-General and C. in C. ..	10,000	11,111 1 9½
Prime Minister and Minister of External Affairs	3,500	3,888 14 2⅔
Minister of Education, Labour and Mines	2,500	2,777 12 5½
Minister of the Interior and Public Health	2,500	2,777 12 5½
Minister of Railways, Harbours and Defence	2,500	2,777 12 5½
Minister of Finance	2,500	2,777 12 5½
Minister of Justice	2,500	2,777 12 5½
Minister of Commerce & Industries	2,500	2,777 12 5½
Minister of Lands	2,500	2,777 12 5½
Minister of Agriculture and Forestry	2,500	2,777 12 5½
Minister of Posts, Telegraphs and Public Works	2,500	2,777 12 5½
Minister of Native Affairs ..	2,500	2,777 12 5½
Administrator of Cape of Good Hope	2,500	2,777 12 5½
Administrator of Natal ..	2,000	2,222 3 6⅔
„ Transvaal ..	2,500	2,777 12 5½
„ Orange Free State ..	2,000	2,222 3 6⅔
Governor of Gambia	2,500	2,777 12 5½

Population—9,530,649 (1936)

Revenue in Rupees

	Rs.
Receipts (actual) for 1934-35	516,400,000
Income-tax	135,786,667
Excess profits duty	51,533,333
Surtax on interest	613,333
Estate and Succession duty	8,986,667
	195,920,000
Estimate for 1936-37	503,360,000
Income-tax	135,160,000
Excess profits duty	29,506,667
Gold profits surtax	34,320,000
Estate and Succession duty	9,333,333
	208,320,000

CANADA

1 dollar=Rs. 2·7

Governor-General		£10,000	11,111 1 9⅓
Prime Minister	Doll.	£ 5,000+4,000 (allowance)	3,375+900 all.
Ministers (15)	„	10,000 each	2,250 each
Leader of the Opposition	„	10,000+ (sessional all.)	2,250+ (sessional all.)

Population—10,376,786 (1931)

Revenue in Rupees

	Rs.
Revenue 1935-36	533,118,493
Per capita income	1,398

BRITISH GUIANA

Governor of British Guiana		£3,500+£1,000+ £500	3,888 14 2⅔+ 1,111 1 9⅓+ 555 8 10⅔
Colonial Secretary		1,635	1,816 10 8
Governor of Honduras		1,500	1,666 10 8
Governor of Newfoundland and Labrador	Doll.	15,000	
Governor & C. in C. of Bahamas		£2,500	2,777 12 5⅓
Governor of Barbados		£2,500+£500	2,777 12 5⅓+ 555 8 10⅔
Captain General and Governor-in-Chief of Jamaica		£5,500	6,111 1 9⅓
Governor and C. in C. of Leeward Islands		£2,750+£100	3,055 8 10⅔+ 111 1 9⅓
Governor of Trinidad	Doll.	24,000+1,718+ 2,400 for A. O. C.	
Governor and C. in C. of Windward Islands		£2,500+500+ 500	2,777 12 5⅓+ 555 8 10⅔+ 558 8 10⅔

NEW SOUTH WALES

Premier	£1,716	1,900 0 0
Attorney-General	1,486	1,651 1 $9\frac{1}{3}$
Vice-President of the Executive Council	1,018	1,131 1 $9\frac{1}{3}$
12 Ministers together	12,501	13,890 0 0 i.e. 1,157 8 0 per head
Leader of the Opposition	670+176	744 7 $1\frac{1}{3}$+ 195 8 $10\frac{2}{3}$
Members of the Assembly	670+ (free travelling)	744 7 $1\frac{1}{3}$+ (free travelling)

VICTORIA

Nine ministers together	£11,250	12,500 0 0
Members of the Assembly	500	555 8 $10\frac{2}{3}$
Members of the Council	200+ (free railway travelling)	222 3 $6\frac{2}{3}$+ (free railway travelling)

QUEENSLAND

Governor	£3,000	3,333 5 4
Ministers (10) each	1,150	1,277 12 $5\frac{1}{3}$
Vice-President of the Executive Council	1,450	1,611 1 $9\frac{1}{3}$

SOUTH AUSTRALIA

Governor	£5,000	5,555 8 $10\frac{2}{3}$
Ministers (6)	7,750	8,611 1 $9\frac{1}{3}$ i.e. 1,435 2 $11^{5}/_{9}$ per head
Members of Council and Assembly	400+ (free railway passage)	444 7 $1\frac{1}{3}$+ (free railway passage)

NEW ZEALAND

Governor-General	£5,000+2,500	5,555 8 10⅔+ 2,777 12 5⅓
Prime Minister	1,800+ official residence	2,000 0 0 + official residence
Ministers (11) each	1,170+ house or house all. of £200	1,300 0 0 + house or house all. of 44 7 1⅓
Governor of Fiji	£2,500+750	2,777 12 5⅓+ 833 5 4

(He also gets £1,100+duty allowance of £300 as High Commissioner to the Western Pacific).

POLAND

(*From Statistical Year Book of Poland* 1935)

1 zloty=£ 0·039

Salary group	Basic monthly salary (in zlotys)	Basic monthly salary (in rupees)	No. of permanent Posts
I	3,000	1,560	1
II	2,000	1,040	12
III	1,500	780	36
IV	1,000	520	718
V	700	364	1,009
VI	450	234	5,288
VII	335	174·2	11,488
VIII	260	135·2	19,212
IX	210	109·2	40,174
X	160	83·2	41,949
XI	130	67·6	11,963
XII	100	52	4,557

Population 1931 census—32,133,500.

Contrast with Bihar and Orissa—37,677,578.

Revenue 1935-36—2,120,400,000 zlotys=
Rs. 110,26,08,000

Contrast with revenues of Bihar and Orissa 1935-36—
Rs. 5,53,96,000

Revenues of Poland are higher by 1,88,311 p. c. or 19 times.

JAPAN

1 yen=Rs. 3 1 1/400

	Salary per year in yen	Salary per year in rupees	Salary per month in rupees
Prime Minister ..	9,600	7,552	622 0 0
Other Ministers ..	6,800	5,349⅓	440 9 4
Secretaries ..	5,800	4,562⅔	375 12 8
Governor-General of Korea	6,800	5,349⅓	440 9 4
Chancellor of Privy Council	6,600	5,192	427 10 0

Imperial Household—

Total Household Expenditure—
yen 20,000,000 per annum.

Paid from Treasury—
yen 4,500,000.

Public Officials	No. of Officials	Total salary
(1) Shinnin rank (appointed directly by His Majesty)	1609	8,296,314 a year
(2) Chokunin rank (appointed by His Majesty's order indirectly) ..	average salary	5,156 „ i.e. Rs. 334-1-0 p.m.
(3) Sonin rank (appointed by His Majesty's approval) ..	13,985 average salary	yen 37,073,394 yen 2,651 per year i.e. Rs. 171-12-3
(4) Hannin rank of minor officials appointed by heads of different offices	120,098 average salary	117,963,318 982 per year i.e. Rs. 63-10-0 p. m.
Total number of officials of all ranks in 1934 ..	135,692	

NATIONAL WEALTH OF JAPAN

National Wealth—

yen 110,188,000,000 1,710 per head

Agricultural and Industrial production in Japan proper

National Income—

yen 12,331,551,000. Population 67,238,600

Income per capita v. 184=Rs. 143-0-11—$^{13}/_{25}$.

1930 CENSUS

Total population of Japan proper 64,450,005 (Bengal 3,684,333)

Total revenue	yen	Rs.
1935-36 (budget) ..	2,215,413,809	1,722,484,236
Income-tax ..	57,922,397	45,034,664
Business profits-tax ..	50,499,989	39,263,744
Succession-tax ..	28,983,738	22,534,856
		106,833,264

UNITED STATES

1 Dollar=Rs. 2·73

	Salary per year (In Dollars)	Salary per year (In Rs.)	Salary per month (In Rs.)
President of the United States ..	75,000	1,59,000	17,062 8 0
Vice-President ..	15,000	31,800	3,412 8 0
Members of the President's Cabinet (10) ..	15,000	31,800	3,412 8 0
Chief Justice of the United States ..	20,000	42,400	4,550 0 0
Associate Justices of the Supreme Court ..	20,000	42,400	4,550 0 0
Members of the United States Senate and House of Representatives ..	10,000	21,200	2,275 0 0

	Salary per year (In Dollars)	Salary per year (In Rs.)	Salary per month (In Rs.)
Governor of South Dakota	3,000	6,360	682 8 0
Governor of New York State ..	25,000	53,000	5,687 8 0
United States Ambassadors	17,500	37,100	3,981 4 0
United States Ministers, Extraordinary and Plenipotentiary ..	10,000	21,200	2,275 0 0
Foreign Service Officers from Counsellors of Embassies and Legations, Consuls General, Secretaries of Embassies and Legations to Consuls and Vice-Consuls ..	10,000 to 2,500	21,200 to 5,300	2,275 0 0 to 568 12 0

	Salary per year (in Dollars)	Salary per year (in rupees)	Salary per month (in rupees)
Army Officers—			
From 1,500 for 2nd Lieutenants to 8,000 for Generals ..		From 3,180 to 16,960	341 to 1,820
Navy Officers—			
From 1,500 for Lieutenants, junior grade to 8,000 for Admirals ..		From 3,180 to 16,960	341 to 1,820
United States Marine Corps—			
From 1,500 for 2nd Lieutenants to 8,000 for Major-Generals		From 3,180 to 16,960	341 to 1,820

TURKEY

1 Turkish pound=Rs. 2-2-0

Group	Salary per month (In Turkish pounds)	Salary per month (In Rupees)
1	150	318 12 0
2	125	265 10 0
3	100	212 8 0
4	90	191 4 0
5	80	170 0 0
6	70	148 12 0
7	55	116 14 0
8	45	95 10 0
9	40	85 0 0
10	35	74 6 0
11	30	63 12 0
12	25	53 2 0
13	22	46 12 0
14	20	42 8 0
15	17·5	37 3 0
16	16	34 0 0
17	14	29 12 0
18	12	25 8 0

Population—16,200,694.

Revenue 1936-37

Budget estimate—212,764,000 Turkish pounds

=Rs. 45,21,23,500.

INDIA ON CHINA

Congress Political and Economic Studies—No. 9

INDIA ON CHINA

By
RAMMANOHAR LOHIA
Secretary, Foreign Department

FOREWORD BY
JAWAHARLAL NEHRU
President, Indian National Congress

Published by J. B. Kripalani, General Secretary, All India Congress Committee, Allahabad
1938

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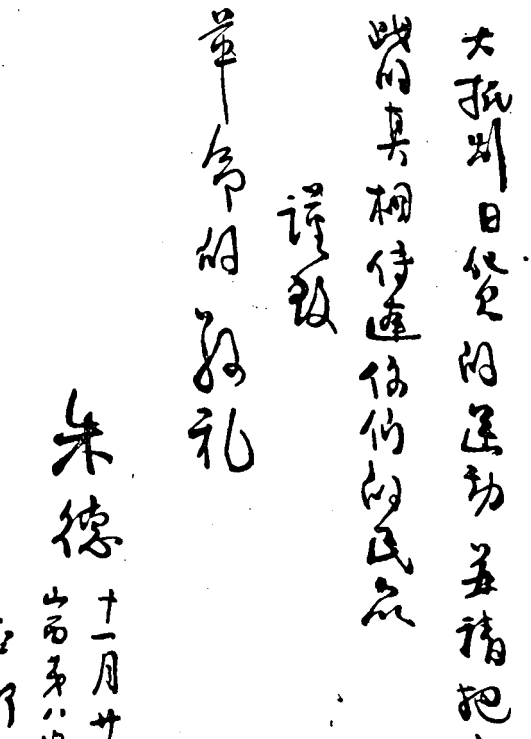
國民革命軍第八路軍總指揮部用箋



Last Page of General Chu Teh's Letter

This little pamphlet contains the statements issued from the office of the All India Congress Committee during the past four months on the Japanese invasion of China. The voice of China in her distress reached the Indian people and found an echo and warm response in their hearts, and we have stretched out our hands in fellowship and solidarity to the suffering people of China. The response of the heart is more vital and deeper than the answer that the mind might give. And yet it is essential that our minds should appreciate the inner significance of the grim struggle that is going on in the Far East, for the future of the world and of India is intimately connected with it.

Allahabad
January 14. 1938

Jawaharlal Nehru

CONGRESS PRESIDENT ON CHINA

I have recently drawn the attention of the Indian people to the horrors attendant on the Japanese invasion of China and appealed to them to help our Chinese comrades by subscribing for medical supplies. I have today received an appeal for help from General Chu Teh Commander-in-Chief of the Eighth Route Army of China. His letter is in Chinese characters. I give a translation of it below. General Chu Teh, it will be remembered, was the Chief of the famous army which performed the prodigious feat some years ago of marching eight thousand miles in spite of almost insuperable difficulties. That feat is unique in military annals.

I suggest that Sunday January 9th, 1938 be observed as China Day throughout India and meetings be held and collections made for the purpose of helping the Chinese with medical supplies. All such contributions and collections should be sent to the Foreign Department of the A. I. C. C., Swaraj Bhawan, Allahabad.

December 24, 1937

* * *

Translation of Chinese letter from General Chu Teh to Jawaharlal Nehru. The letter is dated November 26th and is from Shansi, China :

We here in China have read in news dispatches that you called mass meetings in a number of Indian cities in support of our war of liberation. Allow me to thank you in the name of the Chinese people and in the name of the Eighth Route Army (the Chinese Red

Army) in particular.

You know that the Japanese have occupied many cities and our main railways in China. Our Eighth Route Army, the revolutionary army of the Chinese masses, is organizing and arming the people for prolonged warfare that will end in ultimate victory and liberation for us. This work of ours is difficult because we are a poor army. We are able to help the peasant partisans wherever we operate throughout the north, and they are rapidly becoming an organic part of our Army. But there is one problem that we cannot solve, and it is of this that I write to you now:

In those regions under actual Japanese occupation, such as along the railways in the northern part of Shansi, in Suiyuan and Chahar provinces, and in western Hopei, thousands of workers, peasants and students have spontaneously arisen, have captured arms, and are fighting in Volunteer bands against the imperialist army of invasion. These volunteers have arms, but they have no winter clothing, no blankets, no shoes, and little and often no food. Recently one group of 2,000 of them met and united with a unit of our army in the northeastern part of this province. We were able to give them but one thousand Chinese dollars—which is only fifty cents per man. This money will suffice for one meal a day for about a week for them. Our problem is so gigantic that we are unable to help the Volunteers as they require. It is a problem always before us and we are trying to raise money here in China and in foreign countries for them. Miss Smedley has said that we could approach you, and that she feels certain that the Indian National Congress, of which you are President, would donate a sum which our Army could give to the Volunteers. You may know that every anna which you could give would be deeply welcomed and would reach the Volunteers and enable them to continue their struggle.

Perhaps you could form a committee to collect

money in the name of the Chinese Volunteers. If so, do so at once. We know there are millions of people in your country who sympathise with us in our struggle and would be willing to give something to help.

As Commander-in-Chief of the Eighth Route Army of the Chinese people, I wish to tell you and the Indian National Congress, and the whole Indian people, that China is not subjected, nor defeated, and that we cannot and will never be subjected. Our Army will never retreat from North China. We will remain with the people, organizing and arming them and waging a ceaseless warfare upon the Japanese imperialist armies of invasion until the last of them are driven from our country, including from Manchuria. Do not be deceived by any lies or propaganda put out by the Japanese. Our struggle has only begun. The regular Chinese government armies are fighting. Ours will never be defeated, because we are the army of the people and increasing tens and thousands of our people are rallying around us, fighting with us.

We are a well-disciplined, well-trained iron army, and all our soldiers, from the new volunteers to the Commanders, have a high political training. We are fully and deeply conscious of the role that we play in Asia today and in the future. We know that we are fighting not only the battle of the Chinese nation and the Chinese people, but we are fighting the battle of the people of all Asia, and that we are a part of the world army for the liberation of oppressed nations and oppressed classes. It is with this consciousness that we feel justified in asking you, one of the great leaders of the great Indian people, to help us in our struggle by any and all means. We would welcome financial help in the name of the Chinese Volunteers, we would welcome medical supplies and surgical instruments, we would welcome trained war surgeons and nurses and we would welcome volunteers who might wish to express their solidarity with us in our fight by fighting in volunteer units with our army.

We ask you to consider this question in all seriousness to intensify your campaign to help us, to broaden and deepen your movement for the boycott of Japanese goods, and to educate your people about the facts of our war of liberation.

If the Japanese were successful in subjecting China, none of the peoples of Asia could gain their liberation for many years and perhaps decades. Our struggle is your struggle.

Once more our Army thanks you from the depths of our heart for all you have so far done on behalf of our country.

In comradeship
CHU TEH
Commander-in-Chief of the Eighth Route Army of China

* . * *

I have received the following cable from John Dewey, Albert Einstein, Bertrand Russell and Romain Rolland from New York:

"IN VIEW OF WANTON DESTRUCTION OF ORIENTAL CIVILIZATION AND FOR HUMANITY PEACE DEMOCRACY WE PROPOSE PEOPLES OF ALL COUNTRIES ORGANIZE VOLUNTARY BOYCOTT AGAINST JAPANESE GOODS REFUSE TO SELL AND LOAD WAR MATERIALS TO JAPAN CEASE COOPERATION WITH JAPAN IN WAYS THAT HELP HER AGGRESSIVE POLICY WHILE GIVING CHINA EVERY POSSIBLE HELP FOR RELIEF AND SELFDEFENCE UNTIL JAPAN HAS EVACUATED ALL HER FORCES FROM CHINA AND ABANDONED HER POLICY OF CONQUEST WISH CONGRESS ENDORSE THIS STATEMENT GIVE PUBLICITY CALL ALL INDIA JOIN ACTION."

The following reply has been sent by me to Dr. John Dewey:

"YOUR CABLE CONGRESS ALREADY EXPRESSED CONDEMNATION JAPANESE AGGRESSION FULL SYMPATHY

CHINA CALLED FOR BOYCOTT JAPANESE GOODS AGREE GENERAL POLICY AND OBJECTIVE YOUR STATEMENT GIVING PUBLICITY CONGRESS MOST WILLING COOPERATE FOR HUMANITY PEACE DEMOCRACY EVERYWHERE FEELS ONLY TRUE BASIS FOR THESE ELIMINATION FASCISM IMPERIALISM."

In issuing these messages to the press I should like to draw the attention of the public again to the urgent necessity of abstaining from purchasing Japanese goods. Horror piles up on horror in China and armed might and the air-bomb and poison gas kill hundreds of thousands of her children and crush her very soul. We are sickened at the brutality and inhumanity of the Chinese scene. But mere sympathy is not enough. We must give such help as we can. This help can be of two kinds: refusal to purchase Japanese goods and financial assistance for medical relief. I trust that Congress Committees and other organisations will carry on propaganda for this boycott. Donations for sending medical relief will be received in the A. I. C. C. office and will be forwarded to the proper quarters. An urgent demand for medical supplies has been received by us and I earnestly trust that the people of India will give what they can for the relief of suffering and tortured humanity in China.

December 18, 1937

* * *

Horror upon horror piles up in China and Japanese imperialism tries to crush the spirit of the Chinese people by massacres of non-combatant men and women and even children. Flourishing cities are destroyed from the air and terror reigns in that great land. We see something of what modern war is, and we realise again the ruthlessness and inhumanity of imperialism. All over India mass demonstrations and great meetings

have condemned this and sent our deep sympathy to our brothers and sisters in China. They are fighting most gallantly for their freedom and, whatever suffering they may have to endure, they will win through in the end. How can we help them? A boycott of Japanese goods has been suggested not only in India but in other parts of the world. The suggestion is natural and justifiable and we must give it full consideration. The organization of such a boycott in India is not easy as Japanese goods are already controlled by the quota system and although a large variety of them come in, the quantities are limited. But it is clear that we must create the psychological atmosphere for such a boycott, and each one of us who feels the hurt and suffering and horror of China under Japanese aggression must avoid purchasing Japanese goods. But this must not be done in favour of other foreign goods. Mere sympathy is not enough. Let us do this much more at least to help the people of China in the hour of their trial and distress.

September 30, 1937

* * *

The war in China goes on, undeclared in the approved modern way, but nevertheless ruthless and accompanied by the slaughter of thousands of human beings. Japanese aggression continues and the League of Nations, originally founded to protect the rights of people and to prevent aggression, has become so helpless and impotent that it dare not even discuss the urgent problems of the day, much less take a decision of them. Meanwhile fascism grows and tears up every international treaty and obligation. Britain, one of the principal League Powers, does not even protest and gives its indirect support to fascism. India, though not in a position to take any effective action, cannot remain a silent spectator of this tragedy, which might affect it consider-

ably. We must organise our protest and keep a vigilant eye on what is happening. I suggest that Sunday, September 26th, should be observed as a special day for this purpose, when we should condemn Japanese aggression on China and send our full sympathy to the Chinese people. We must also record our organised protest on the sending of Indian troops to China without the assent of the Indian people. And in doing so we should keep the larger danger of international war before us. The War Danger resolution of the Faizpur Congress should therefore be repeated and explained. I trust that Congress Committees will organise meetings all over the country for this day and pass these resolutions.

September 14, 1937

* * *

Cablegram to the International Peace Campaign, Geneva.

National Congress condemns Japanese aggression China strongly protests against despatch Indian troops Shanghai interests peace demand condemnation Japan as aggressor and continuation Ethiopian delegation League.

September 10, 1937 JAWAHARLAL NEHRU
President

* * *

Cablegram to Mr. Jordan, Chief, New Zealand Delegation, League of Nation, Geneva.

National Congress strongly supports continuation Ethiopian delegation League interests peace demand no recognition aggression Ethiopia China.

September 10, 1937 JAWAHARLAL NEHRU
President

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Messages to China-India Committee in London

I am glad to learn of the formation of the China-India Committee in London. China and India are the two ancients among the nations of the world, with an unbroken chain of culture going back to the dawn of history. During these thousands of years innumerable bonds have tied them to each other, and the distress of China would in any event have drawn the sympathy of the Indian people. But the present invasion of China by an aggressive and brutal imperialism, and the frightfulness that has accompanied it, has stirred India as few things have done. Ourselves victims of imperialist domination, struggling to be free, we must give our whole-hearted support to all victims of imperialist aggression and to all peoples who struggle for freedom. The claim of a common humanity, the bond that has tied us for thousands of years, as well as self-interest, impel us therefore to show our full solidarity with the people of China in this hour of their agony. In this war-racked world it is well to remember that China and India stand and have stood for peace, and a day will come when their voices will prevail. We are weak today and unable to do much for the people of China but our hearts are with them, and it is well that we should do our utmost to help them.

I congratulate Uday Shankar and his colleagues on the benefit performance they are giving in aid of the China-India Committee. The silken bonds of Art have from ages past tied China to India and it is right that our great artist Uday Shankar should utilize his genius in aid of the people of China in the hour of their distress. Behind this gift lies the Indian people's deep sympathy and their assurance of full solidarity.

September 20, 1937

BOMBS OVER CHINA

The last three years have seen a world-wide relay-race in killing. Barely had the mass killing of human life run out its course in North-east Africa, when it was resumed with intense fury in West Europe. Asia in the Far East was meanwhile restless for tasting blood and could not wait for West Europe to cool down. At the present moment, mass killing is taking place both in Asia and Europe. It is true no doubt that most countries are still sticking out but that should not mean that there is peace in the world. The world is warring.

The present world-system is crashing. International law exists on sufferance and the world's Great Powers responsible for applying it are either violating it themselves or are just looking on. Whatever one's view of causes, it is indisputable that there is war in the world and the present world-order is collapsing.

Why has the present order successively collapsed in Ethiopia, Spain and China? Is it because of stray incidents during manoeuvres as in China or of assassination of individuals as in Spain? No, the causes go much deeper. The rulers of the world are this time quite frank about their designs and a proper understanding of their utterances gives us the clue. Fascist Italy proclaims that it must fulfil its national destiny through war and has the right and duty to build a Roman Empire in Ethiopia. Fascist Spain desires to purify and unite the Spanish nation in blood and proclaims its right and duty to protect property and religion. Militarist Japan cannot permit Chinese advancement unless under its own protection and must suppress China to establish cooperation and stability in the East. In all these utterances, there is one common idea. Imperialism, which is the guiding principle of the present world order, must fulfil its national destiny at home and build fresh empires abroad and, perforce, resort to wars.

What does imperialism mean by fulfilling its

national destiny at home? In order to understand this properly, we must grasp the realities of the nation in imperialist countries. The paramount reality is that the nation has finally disrupted into classes. Monopoly capital has on the one hand brought national economy under the control of a band of world financiers and on the other reduced broad masses to a state of unemployment and poverty. To attain democracy, both economically and politically, the broad masses are getting increasingly ranged against monopoly capital. Imperialism must now suppress this conflict at home through fascist control of the State and, in fulfilling national destiny through foreign wars, re-establish the unity of the nation.

What is behind this desire of imperialism to build fresh empires abroad? In its life-urge for capital accumulation, imperialism has continually searched for large markets. But it has already swallowed practically the whole world and its search can now only take the form of brutal suppression of all national freedom or bitter family wars.

If not checked here and now by the forces of national freedom and those of democratic and socialist freedom, imperialism will continue to spread fire over the world as in the past three years till it finally plunges the entire mankind in a bitter family war of its own.

In China, Japanese imperialism has been denying all humanity during the past six months. Its bombs from the air have torn the limbs of children and women and its guns are killing or wounding thousands of Chinese soldiers every day. It is destroying universities and centres of culture and is sending great cities and large areas, which have been built up by centuries of human effort, into smoke. Where it is gulling the Japanese nation into the poison of militarism, it is forcing the great Chinese nation to bathe its heart in cold steel. Japanese imperialism should be held responsible, if this militarist spirit in the two nations makes the task of

reason, culture and progress difficult among one-fourth of the world's population.

India's sympathy goes out to China for a variety of reasons. India is aspiring and fighting for national freedom as China is. The forces of national freedom in both countries extend to each other the hand of sympathy and support. They must band themselves together against the imperialist life-urge of exploitation and conquest. They must swear to prevent the use under imperialist control of their nationals and soldiers in each other's territory. They must mutually defend themselves by refusing economic relations with the imperialist invader. They must prepare themselves for the day when they can strike a simultaneous blow at all imperialism. They must send each other, in event of need, monies, medical supplies and all manner of other possible help. On Sunday, 9th January, India will thus have to continue a four-fold task. (1) She must ceaselessly condemn the despatch of Indian troops to China and demand their withdrawal as also that of the Indian police attached to British consulates in China. (2) She must organise an effective boycott of Japanese goods. (3) She must ceaselessly train the people never to give men and supplies to the British Empire in its wars. (4) She must pay to China till it pinches. The ancient friendship of the two peoples of China and India must now be reinforced by the new camaraderie of the two freedom-loving nations.

While we condemn Japan and support China, we must not err in assessing the true role of Britain. Mighty machines of propaganda are in motion and we must withstand them. British commentators are rejoicing through our own talkies, radio and press at Britain rearming to curb the "cynic's violation of right." The inference obviously is that Britain is a democracy, just and peaceful, and can be relied on to stand her arms by humanity against brutality. The addresses of the United States President are also likely to cause confusion.

In his insistence on the capacity of the democratic Powers to protect the peace of the world, one might see in British armaments a factor of justice and peace.

One thing must be clear. There is of course the danger of war in the boast of the Italian spokesman who calculates the Fascist bloc to contain 200 million men and to own 2 million tons of navies. But we would be foolish if we pitted against these the 3 million tons of American and British navies. Britain is as much a part of the imperialist system as Japan or Italy and, far from ranging their armaments against each other, we must regard them as one solid bloc against progress and peace. Against the armaments of fascism, India can only pit the desire of her people for national freedom. She eagerly welcomes the cooperation of all democratic and socialist forces throughout the world but considers that the formal democracy of the British State is only a shabby smoke-screen and British armaments are surely no part of the world's democratic forces.

If Britain rearms, and until British monopoly capital is destroyed, she does so to secure her own interests. And her interests throughout the world are large. Even in the East, where Japan is hurling bombs over China, Britain is still the owner of the largest territories where she steadily carries on the daily task of sucking. In India, Australia, Malaya and other colonies, she owns over one-tenth of the world's territory and one-fifth of its population. Under Britain's protecting wings, Holland and France own between themselves another 2% of the world's territory and 5% of its population. On the basis of Asia and Australia alone, Britain is responsible for the daily humbling of nearly one-fourth of their surface and one-half of their population.

The enforced satiation of British imperialism and the fascist conquests of Japanese imperialism differ only in the extent of their unmasked brutality but are alike in the damage they cause to human peace and progress.

One might also relevantly enquire if British arms have stood by peace and democracy during the eighteen months of the Spanish war and the six months of the fresh Japanese war on China. Day after day, cities are being destroyed and human life killed. British monopoly capital is so tied up with Japanese monopoly capital that, unless its own existence is imperilled and a war is forced on it, it must just look on. The answer to the challenge of fascism to seize the whole world does not surely lie in British arms. Britain will not fight and, even if that were to happen, how does it fundamentally matter if fascist brutality of Japanese imperialism were exchanged for the steady sucking of British imperialism.

Who can fight the fascist menace of reaction and war? There are the national freedom movements of India, China and other similar countries. There is Soviet Russia which has definitely discarded imperialism as the basis of its State policy. There are the democratic and socialist forces throughout the world such as the Popular Fronts and the World Committees for Peace and Democracy. In the unity of these forces lies the answer to the fascist challenge.

Even while we extend our hand of friendship to China in an effort to build creative peace, we must not forget that our supreme internal task in the removal of causes of war is to create the conditions for the capture of political power and the convening of the Constituent Assembly.

January 6, 1938

SINO-JAPANESE WAR

China is semi-colonial:

China has a government of her own. She possesses a national army. Her embassies and consulates are to be found in various parts of the world. In short, she possesses what are commonly supposed to be the external and internal attributes of a free sovereign Power. Even so, China is not free; she is at best a semi-colonial Power. Her chief coastal towns, like Tientsin, Shanghai and Hongkong, and interior towns, like parts of Peiping, are under foreign control. Foreign garrisons stationed in these concessions are like armies of occupation, which have the support of their navy standing by, and of an air-fleet in the concession itself. China's rivers are completely denationalised, so that not only trade ships but gunboats under foreign flags can go up the river Yang-tze and other rivers till 1500 miles in the interior. China's customs are security to indemnities imposed on her by old Treaties, which also grant foreign garrisons privileges of manoeuvring on purely Chinese soil. These are all distinct attributes of foreign territorial domination. What brings China still further under imperialist domination is the foreign investments and government loans. The total of British capital invested in China is estimated as Rs. 4,000 million and that of Japanese capital is calculated at Rs. 3,000 million. Likewise, other imperialisms have invested their capital either in private industry or government loans. So, Japan in the north, Great Britain and France in the southern provinces of Szechuan and Yunnan and these and the United States at the Central Government of Nanking have tried to dictate internal politics through loans. In this manner, both from the viewpoint of economic and financial bondage and of territorial control of vital nerve-centres of national life, China is not a free country.

China's frontiers, on the entire north, border on

Soviet Russia; on the west and south, on Tibet and British and French possessions of Burma and Indo-China; and on the entire eastern Pacific coast are faced by Japan and her two colonies of Korea and Formosa and the United States Philippine Islands. This ring of foreign Powers surrounding China is vitally interested in her and exercises great internal control in some form or the other.

Chinese Government and Political Parties:

Regional War-lords supported by the feudal gentry and big merchants and foreign money continued to rule parts of China, even after the 1911 Revolution, which established the shortlived Sun Yat Sen Republic. Sun Yat Sen, however, lived to see his Three Principles (1) Nationalism, (2) Democracy, (3) People's Living embodied in the Government of South-Eastern Kwangtung and Canton became the hope of all-China peasants, workers and students. With the help of Russian military and political advisers, an expedition was planned here in 1926 which, as it proceeded northwards, would suppress the anarchy of war-lords and unify all China under a democracy, put an end to foreign domination and secure people's living by curbing landlords and capitalists and through national reconstruction. The expedition succeeded and Nanking became in 1928 the capital of a national Government of China. However, foreign concessions and armies continued and imperialist debts were not repudiated. Few war-lords were deposed and most only owed nominal allegiance to Nanking. Landlords continued their oppressive rule. The Government at Nanking did not achieve what was originally planned: The Three Principles of Sun Yat Sen.

The organisation that planned the northern expedition and sought to embody the Three Principles was the Koumintang (People's Party or the National Revolutionary Party). As the expedition progressed, it soon became clear that there were three sections in the

Koumintang and they were heading for an internal clash. The Right Wing under the leadership of Chiang Kai-Shek, had sectional support among the people, but was not prepared to forego the support of foreign money or break with the feudal and war-lords. It was this section that won. The Left Koumintang carried on for some time in Central China, but found its real seat in 1931 in the Kwangtung province. It was hostile to Chiang Kai-shek's association with foreign capital and inland oppressors. After the apparent success but real failure of the 1927 nationalist drive, the Communists were suppressed and workers' and peasants' organisations smashed. But they soon established their rule in the province of South-east Kiangsi and, after a recent adventurous march over 8000 miles of territory, the Red Army is now in the north-western province of Shensi, which is the centre of popular resistance and within easy reach of Soviet Russia, through Inner and Outer Mongolia.

The decade until early this year was a period of civil wars, war-lords anarchy and not very successful efforts at national reconstruction. Chiang Kai-Shek wished to unite China by reducing Red China to submission, but, in spite of six military expeditions, did not realise his objective. Meanwhile, the political impulse of democracy and the economic motivation of betterment of the masses was cutting across the overlordship of militarists and feudal gentry and giving to the 450 million folk in isolated villages and provincial towns a common nationalist and progressive outlook. This found its chief expression in the popular cry of resistance to Japan. It appears that the policy of unification of the country through military force that the Nanking Government pursued for a whole decade has now been definitely abandoned for that of unity through democracy and resistance to imperialism. Some sort of a United Front with a better mass basis than before seems now to be in progress.

Japan's Urge to Imperialist Expansion :

Like every other nation that developed a strong capitalist class that needed foreign markets for exchange of manufactures with raw materials and for investments of surplus capital, Japan has during the last 40 years struggled for colonies. Ever since September 1931, when Japan invaded Chinese Manchuria, her urge to imperialist expansion has been expressed through the Army and in the continental drive against China. The Japanese navy, on the other hand, has preferred the oceanic or southward drive, which has set greater value by the Dutch East Indies, Malaya and Siam. In these areas, Japanese commerce has already made great headway, as for example, in the Dutch East Indies the Japanese share in the total imports increased from 1.25% over the pre-War period to 30% in 1934. At the same time, commercial conflict here brings Japan into opener antagonism with Britain, France and Holland. Before the conflict in North China arose, it was anticipated that Japan will increasingly adopt the southward drive of the navy as against the continental drive of the army. However, the actual development has been otherwise.

On the world plane, the drive of Japan against China is a continuation of that of Italy against Ethiopia. The urges are the same and the interests involved are the same. The economy of the imperialist country deteriorates and political unrest among the masses grows and the danger of war further necessitates the securing of essential raw materials and strategic positions. In 1935, Italy projects her tentacles into Ethiopia ; in 1937, Japan into China. Aside from the inevitable opposition of the invaded peoples, the interests of other imperialist Powers are involved and there is a singular likeness in the manner of their expression in the two cases.

Conflict in North China :

The five northern provinces of Hopei, Shantung, Shansi, Chahar and Suiyuan which make up North

China contain a population of 82 million and, though only 9% of the total area of the country including Manchuria, they embrace 18% of its population. North China is among the most populous and fertile parts of China and is also richly endowed with mineral resources. Thus, the total coal reserve of China is estimated at 250,000 million tons and North China alone contains 53.91% of this total. In the mining companies operating here, British and Japanese capital is vitally interested. Whereas Manchuria contains nearly 80% of the total iron ore reserve of China, North China possesses another 10% or 123 million tons. The iron ore of North China is of a superior variety. Of the entire textile industry, North China possesses a spindlage of 20% or 1 million spindles and a loomage of 25% or round 12000 looms; of these Japan owns nearly three-fourths. This will suffice to show the extent of North China resources and the hold that Japanese and other foreign capital has already obtained over these.

Japan's further advance from Manchuria into North China was checked at Jehol and, during the last three years, she had to content herself with the engineering of an indigenous provincial autonomy movement. Meanwhile, the aggressive freedom movement had affected the students of Peiping and workers and peasants all over and found its focal point in resistance to Japan. Already before the conflict broke out, North China was convulsed by cries of boycott and resistance against Japan. It was in the province of Shensi, adjoining the North China province of Shansi, that Chiang Kai Shek was held captive in December, 1936, and from where the beginnings of a United Front among the Nanking Government, Left Koumintang and, to an extent, the Communists are laid down.

On the night of July 7th, there was some firing between Chinese soldiers and the Japanese who were manoeuvring on the purely Chinese soil of Lukouchiao. The Japanese contend that they had the right

to do so according to an old treaty of 36 years ago. It is also difficult to say who exactly started the firing. Nevertheless, the Chinese contend that the bridge of Lukouchiao is strategically very important and gives control over the Peiping-Hankow railway. Japan sought to consolidate its position in North China by controlling this railway and thus cutting off the northern provinces from Central China.

Further progress of the conflict reveals the swash-buckling tactics of imperialism. The Japanese demanded on July 17 of the Nanking Government that it should cease all military movements, in other words, leave North China to its fate and that the North China Political Council was competent to arrive at a settlement of the incident. The Nanking Government replied that North China was a part of China, that the army and political affairs of North China could not be interfered with by Japan and that all negotiations and settlement must be entered into directly with the Central Government. Japan insisted on division; Nanking insisted on unity.

The progress of the war-fronts has also showed that whether Japan originally planned it or not, the actual line of advance is along the Peiping-Hankow railway.

Imperialist Rivalries:

Britain is the major imperialist Power in the Far East and desires to complete her Singapore Eastern Fleet of 94 vessels by 1940. She is friendly to France in her control of the 23 million Indo-Chinese and to Holland of the 60 million Javanese and Sumatrians. Aside from the domination over the Philippines and other islands, the United States has extended considerable loans, as for instance two recent Rs. 300 million wheat-and-cotton and aeroplane loans, to the Nanking Government. Britain is of course still more vitally interested in the coastal towns and on the mainland of China.

Germany and Italy have also helped the Nanking Government with military advisers and air-pilots. China and the Far East bristle with imperialist rivalries and that is also one reason why China is so much in the news.

Still, Japan's intrusion into China is unwelcome and badly so to these imperialist Powers, but not to the point of war. Japan's defeat means strengthening of Soviet Russia and her increased association with a strong China. It also means the slipping away of Chinese concessions, Malaya, Indo-China and East-Indies from imperialist domination. Imperialist Powers have to choose between attacks on their position by a colleague who has run amuck and a general destruction of the imperialist system itself. And so Britain has learnt to relegate deadly wounds to her ambassador in China to their proper place in the scheme of things, but she has also known how to burst up with righteous wrath and cannon shots to revenge her poor missionaries.

Indian Troops to China and War Danger:

Into this graveyard of British, Japanese, American and French bayonets, Indian troops have been sent by the British Government. They are apparently intended to defend Indian property and men and incidentally also English property and men. India has naturally enough protested emphatically against this use of her sons. The despatch of Indian troops to China is detestable; it is disgusting firstly, that Indians should be slaughtered on foreign battle—fields for imperialist purposes and, secondly, that India should help tighten the octopus grip of Britain over China.

The colonial peoples themselves have helped in spreading imperialist oppression over the world. The history of our own people bears tragic testimony. The British Empire in India was built piece by piece; troops from Bengal and Madras defeated those of the United Provinces and together they helped to crush the freedom

of the Punjab and Burma. In our first struggle against British rule, Punjabis and Princes helped Britain to come out victorious. Even in our own day, Indian troops and police are standing guard over British property and consulates in China and other Eastern countries. A people that is aspiring for freedom cannot permit this disgrace.

Were Britain to fight Japan, which is very unlikely, Indian troops, then also, should not fight Britain's battle. In the event of an Anglo-Japanese war, the advantage that might accrue to China from our military assistance to Britain will only be temporary; for, finally, it will only strengthen Britain's hold. India can help China better by freeing herself from British control and, then, rendering her such assistance as she can. India can become, perhaps a more effective partner, in the Mutual Assistance Pact that has recently been signed between Soviet Russia and China.

In like manner, the cry of boycott of Japanese goods as an assistance to China can have meaning only if it does not result in increased trade of our country with Britain. Imperialism is a whole mighty chain and endeavours to break a link somewhere must not be allowed to strengthen another elsewhere. Again, China suffers from British imperialism almost as much as from the Japanese.

Actually two wars are in progress today, one in China and the other in Spain; and there are numerous other subdued war-fronts as in Ethiopia and elsewhere. When these isolated war-fronts will get linked up into a world war, it is difficult to say, but this may not be far off. India has made up her mind what she will do when this happens. The Indian National Congress will resist India's participation in a war alongside Britain. The people must prepare for this resistance.

September, 23, 1937

ANXIETIES IN NORTH CHINA

On 2nd June came a news-item from Peiping that the Central Government at Nanking had imposed a ban on the Tientsin-Tokyo air-link. This air service which was to connect North China with Japan was to have been Japanese managed and its inauguration was fixed for 1st June. On the same day appeared news from Tokyo that a Japanese owned farm in the suburbs of Tientsin was burnt down by the Chinese. On 9th June came news from Peiping that 4000 of the civil population in Jehol have risen in rebellion against the Japan-Manchukuo troops. Sino-Japanese relations in regard to North China affairs are steadily deteriorating and anxious times for the preservation of peace in North China are ahead.

Aside from establishing the autonomous East Hopie regime, Japan has been acquiring increasing control ever the economic life of North China. The Japanese semi-Government Oriental Development Company acquired last year 3 Chinese cotton mills of Tientsin. At present the Japanese own a total of 688,000 spindlage, while the Chinese are left with 332,000 spindles. In China as a whole, the Japanese owned 39.29% of the 5 million spindles and 44.86% of the 48000 looms. An example of the Sino-Japanese economic cooperation is to be found in the recently organised Tientsin Electric company. Through a series of manipulations, the Chinese interest in this company was reduced to a mere 25% controlled by the Tientsin municipality and even this capital was borrowed from the Japanese.

China is no longer prepared to stand by and see slices of her territory and her economy go under imperialist control. Coupled with the rising national consciousness in China, the general uneasiness in the Far East has become acuter and a series of conversations and negotiations are being held between England and Japan. Anxious to secure her empire in the East, Great

Britain is playing the sedate game of maturer but no less destructive imperialism. Her attitude is best expressed in a recent editorial of the London Times: "Britain is fully prepared to recognise the obvious fact of Japan's special position in China, but she cannot view with sympathy attempts to consolidate that position by methods too often employed in the last six years". To that the semi-official Chinese Press replies that the terms "special position" and "spheres of influence" could no longer be applied to China and any understanding with foreign powers can only be brought about on the basis of equality and reciprocity. China's attitude is stiff but also adapted to the peculiar exigencies of her situation. In an interview the President of the Chinese Government (Executive Yuan) evaded the question as to whether China will take up the question of Manchuria and her other lost territories after the North China question is satisfactorily solved but added that a settlement of the North China question will definitely improve Sino-Japanese relations.

While China is thus steering a middle course between complete diplomatic rupture with Japan and surrender to her, she is also busy negotiating with other Powers for loans and commercial treaties. Though it was definitely stated that the mission of the Chinese coronation delegate, Dr. H. H. Kung, to London did not consist in the raising of a loan in Great Britain, Dr. Kung himself stated that he will welcome cheap foreign credit. In like manner, the special appointment of a Russian officer in China to negotiate a commercial treaty with her is looked upon as something more far-reaching. Simultaneously, Russo-Japanese relations are worsening. The Russo-Japanese Fishery convention was the subject of a serious diplomatic crisis last year and its renewal at the end of this year does not appear to be easy. Frontier incidents are daily increasing and there is a race between the Japanese army concentration in Manchuria and the Far Eastern Red Army of Russia.

The unification of China sustained on the will of her

people and not on the bayonets of the army is giving her a new consciousness of power. And, what is more significant, she does not appear to be overreaching herself.

The New Government in Japan:

The new government has estimated a budget of 3200 million yen, out of which more than 50% go to armaments, 900 million for the army and 800 million for the navy. At the same time, Prime Minister Konoye said on 13th June that the policy of armed force will be abandoned in favour of the pacific economic penetration of North China. How this will actually work out, nobody can foretell, but there is a decided climb-down in the swash-buckling tone that Japan is wont to adopt towards China.

It is not yet clear how the Minseito and Seiyukai parliamentary parties will finally react to Konoye. These had agreed upon a joint front and joint campaign to pull down the Hayashi Cabinet. Their joint statement read in part, "At such an hour, those who are holding the helm of the State must have a clear vision of the emergency situation, abide by the will of the Throne and respect the desire of the people in conducting the administration, so as to surmount all difficulties. ..... It is high time to formulate a lasting scheme on a nation-wide scale for the maintenance of peace and order in East Asia and the promotion of national prosperity through industrial development, defence replenishment, and the improvement of the living standard of the people."

How far the new Cabinet will express the oceanic or southward policy of the navy as opposed to the continental drive of the army is not clear, but the navy today is decidedly more popular with the Japanese people than the army. The oceanic drive will embrace Dutch East Indies, British Malaya, French Indo-China and Siam. These territories produce 85% of the world's rubber and 94% of its hemp, possess the largest oil

fields in the Far East and abound with iron, tin, sugar and tobacco.

Some facts regarding Japanese position in this part of the world may be noted. From 1.25% over the pre-War period, Japan's share in the Netherlands Indies market jumped to 16.38% in 1931 and to 30.96% in 1933. In 1934 Japan exported goods for yen 158,450,525 to the islands, (30% of the total imports of the Dutch East Indies), in exchange for imports valued at yen 63,464,068 (5% of Dutch East Indies exports). A Japanese Lieutenant Commander says in regard to these islands, "It is no exaggeration to say that they constitute the strategical key to Australia, New Zealand, and India, not to mention Singapore." It is said that Holland has retained the islands for two centuries "only by sufferance of Great Britain" and there are rumours of a secret British-Dutch military understanding. The investments of the Royal Dutch Shell Company in the Indies amount to 600,000,000 guilders. Holland has announced an increased war expenditure of 50 million guilders during 1937-38 over 1936, thus bringing the war budget to 138.9 million guilders. (Rs. 100=67 guilders) .....By 1940 the Singapore base with its dry docks and repairing yards—the largest, best equipped and most strongly defended British base east of Suez—will be completed. A new Imperial Eastern Fleet is to be created consisting of a minimum strength of 94 vessels, including 5 battleships and representing a capital outlay of some £70,000,000.....Japanese relations with Siam are very cordial and yet Siamese finances are based on a large sterling reserve and Britain dominates the southern end of Burma—Japanese statesmen have assured the world that in the penetration of South-Eastern Asia exclusively peaceful methods will be employed. (From American Foreign Policy Report: Anglo-Japanese Rivalry in South-east Asia).

July 8, 1937

JAPAN WANTS CHINA

Japanese capital and trade have made a twofold thrust during the past ten years. In the east, the Continent of China is the victim. In the south seas, expanding Japanese trade, owing to imperialisms of Britain, France and Holland, has not yet resulted in colonial investments. The Army of Japan has supported the Continental drive, while the Navy has espoused the thrust into the South Seas.

From the political viewpoint the Continental drive has been easier. The opponent here is weak and disorganised. Chinese nationalism has not yet succeeded in building up a common organic outlook or a central government of undisputed authority. Chinese capital is still on crutches and armaments are in a similar state. Only the New Beginning was started ten years ago and the spirit of Life and Culture has now seized China.

Japan bore the shame of brown and yellow inferiority much as any other people in Asia. She had luck and the rest of Asia looked up to her as a deliverer and an inspiration. People forgot the basis of that luck. Japanese industry and trade, sense of national glory, army and navy had brought luck and they had to be continually reinforced if this luck was to be maintained. Where could Japanese industry and capital, army and navy find easy and continual reinforcements? Not surely in Indo-China for that would bring Japan into conflict with France or in the East Indies where Holland supported by Britain would fight or in Malaya and other Pacific islands for Britain and United States were preferable as friends. China was the country. The inspiration vanished and Japan launched upon a career of imperialism in the manner of Britain.

Japan struck at Manchuria and after the capture of Jehol, knocked at the five provinces of North China. These provinces are among China's best lands: they are in size only one-tenth of the country but they contain

about one-sixth of its population. They are very rich in mineral resources, coal and iron and are also great producers of food and commercial crops. About one-fifth of the Chinese textile industry is concentrated here. As granary and investment and source of war materials, North China is of the greatest value to Japan.

Capital and trade had preceded the land armies and gun-boats. Nearly three-fourths of the textile industry in North China is already owned by Japanese capital. Together with British capital, it has the dominating share in coal and iron mines. The power-house of Tientsin, North China's largest city, is almost entirely Japan-owned. Japan was ready to link by air Peiping and Tientsin to Tokyo as the war in North China broke out. She was also buying up land and settling Japanese farmers.

Before Japan resorted to war, she tried other tactics. She encouraged a provincial autonomy movement. The five provinces of North China were slowly to drift away from the Chinese central authority, or in other words to come under the increasing advisory, financial and military control of Japan. The North China provincial autonomy movement was the political counterpart of the Japanese economic penetration.

This movement had obviously no mass basis in the people of North China. Its sole advocates were the classes created or helped by Japanese capital. These were sections of Chinese merchant-class, administrators, mayors of towns and captains of local militias. Whatever little importance they acquired was due not so much to any popular following they had as to the key-positions they held and the weakness of the Chinese central authority.

A change came over China. While the mass of peasants, workers and students in North China were rebelling against Japanese economic domination, an end of the Chinese internal strife was becoming evident. Through intelligent appreciation of the existing situa-

tion and good-will on both sides, Nanking and Red China were coming closer together. There is now one army and one government in the whole of China. China can now direct her unified energies against the Japanese offensive in North China.

The war between China and Japan is expressive of the great Empire-Colony conflict in the entire Pacific area. Should we lose sight of the contours of this larger conflict we will help neither China nor other colonial peoples. Temporary passions may sway us into grievous mistakes, as an otherwise rather intelligent Chinese leader in Burma has been swayed. Writing to us a comprehensive report on the Sino-Japanese war, our Chinese correspondent has given us impressive figures of increasing British and Dutch armaments in Singapore and East Indies. He takes delight in the increase of British and Dutch arms and considers them a check to Japanese imperialism and so a guarantee of peace. This is short-sighted reasoning and neglects to see the Chinese war in the larger perspective of the Empire-Colony conflict of the Pacific. In this larger Empire-colony conflict Britain is even more of an imperialist than Japan. How can we delight in British arms? The lasting help that the colonial people of the East can give to China is to throw off their own foreign rules and thus destroy or weaken the stranglehold of Britain and France and such other Powers over China.

November 28, 1937.

CHINA IS CHANGING

In December, 1936, the Head of the Chinese Government, General Chiang Kai-Shek, was kidnapped and held captive in the city of Sian by his provincial Army-chief, General Chang Hsueh-Liang. This incident shook China and threatened to shake the world. The factors of rivalry, ambition, a bankrupt treasury and all that were summoned to explain Chang's conduct, but it soon became clear that Chiang Kai-Shek's arrest was meant to express resentment against the Central Government's policies, both external and internal. Internally, the Central Government at Nanking has for the past seven years followed the policy of unification of China by expeditionary forces and repression and, consequently, it has had little time externally for resistance against Japanese and other imperialisms.

The Sian incident expressed in a dramatic manner China's intense feeling against Japanese imperialism, and whatever its ultimate effect, it led, in February, to the meeting of the Third Plenary Session of the Kuomintang to consider the future policy of the Government. The manifesto it has issued lays down the preliminaries for a New Beginning.

China had awakened to new life in 1926 and the Kuomintang (Peoples' Party) became the universally accepted and vitally dominant political organisation. In the province of Kwangtung, South-eastern China, a military expedition was planned and carried out and this expedition was to unify China, free her from imperialist control and introduce democratic reforms. Soon after the entry of Chiang Kai-Shek with a part of the expeditionary forces into Shanghai, the Central Government at Nanking discarded the original principles of the Kuomintang and launched on a career of understanding with foreign imperialisms, rupture with Soviet Russia, suppression of workers' and peasants' unions and war on the Chinese Communist Party. The

awakening of 1926 had a triumphal progress but ended in utter confusion and internal conflict.

The Kuomintang split and the South-east has since largely been under the control of its left wing. The Communist Party grew, brought the province of Kiangsi under its control and formed a Red Army of a hundred thousand strong. In September 1931, began the Japanese thrust into Manchuria and the history of China has since then been an unending tale of territorial usurpations by Japanese imperialism. After Manchuria, the Japanese army cast its eyes upon North China proper. The people rose into a fury as if lashed and the December 9th (1935) Movement based on Peiping students and workers stemmed the Japanese invasion. Chinese nationalism now sees in Japanese imperialism its chief enemy and the centre of popular resistance has shifted from the South-east to the northern provinces of Hopei, Shansi, Shensi and Suiyuan.

Meanwhile the Red Army has marched from South-east Kiangsi, over 8000 miles of territory, into the north-western province of Shensi. It is now again in the centre of popular resistance and, within easier reach of Soviet Russia, through Inner and Outer Mongolia.

The February meeting of the Kuomintang took place with this background. Till the Sian incident, the Nanking government was committed to a policy of "internal pacification to precede external resistance," which meant that its war machine was directed against the Red Army. A change in this policy appears to have been recorded. Mr. Wang Ching-wei, Chairman of the Central Political Council, thought that, of the three problems facing the Kuomintang and the nation, the most important was the recovery of lost territories and determined defense of the rest of China. Stabilisation of internal conditions was the second problem and the hope was expressed that the communist-suppression campaign may be brought to an early end. Promotion

of economic reconstruction was emphasised as the third problem.

Conditions were also laid down for reconciliation between the Nanking government and the communists. (1) The Red Army has to be abolished as a separate unit and incorporated into the unified command of nations' armed forces. (2) The Central Government is to be supreme and the Soviet republics are to be dissolved. (3) Communist propaganda is to cease and class struggle must be stopped.

It is interesting to compare these conditions with those of the Central Executive Committee of the Chinese Communist Party. The Party stops its armed fight against the National Government and is prepared to bring its territory and army under the direct direction of the Central Government and the Military Affairs Commission. The Party also puts an end to the policy of confiscation of land from landlords but demands the determined execution of the joint programme of the anti-Japanese national united front. There is obviously a difference in emphasis but the two sets of demands are capable of yielding a platform of negotiations and ultimate settlement.

The decisions in regard to the positive united front programme of the Kuomintang are not yet known. The proposals of the Communists are known. They demand (1) speedy concentration of all national forces against Japan, (2) safeguarding of civil liberties, (3) convocation of a National Congress.

The Sian incident may only have dramatised the inner conflict of China but what has followed in its wake is of a very far-reaching significance both to China and the world. It is true that the National Government at Nanking has, among its social bases, the support of feudal and bourgeois interests and understanding with foreign imperialisms. But it is also true that China has begun to feel the Japanese stripes on its flesh and the Nanking government can, only at its peril, neglect the

large mass of peasants', workers', students,' left Kuomintang and communist opinion in the country.

After a decade of continuing civil war, the February decisions of the Central Executive Committee of the Kuomintang are likely to change the directive of the Central Government's policy from war on communism to resistance against Japan. Chiang Kai-Shek can already think of railway construction for economic and defence purposes; in April, he outlined a five years' plan of 8500 kilometres of railways. The four hundred fifty million folk of China with a territory twice as large as that of India is again on the front-line of world anti-imperialism.

May 5, 1937

THE UNITY OF CHINA

A huge population spread over an equally huge territory is a very natural prey to disunifying tendencies. Still, despite their many languages and religions, codes of Confucius and Buddha gave the Chinese people an essential cultural unity. This unity has expressed itself in many forms, in art and thought, and, above all, in living. It was, however, unable to form the Chinese nation into a single political community, particularly, when China was brought face to face with the modern industrialised world of Europe. Slice by slice, Chinese territories were transformed into foreign concessions and the general imperialist domination of her entire economy aggravated the political disunity of China. The basis of her agriculture continued to be feudal oppression which expressed itself, in the sphere of administration, through a multitude of riyal militarist hordes. Foreign trade created another class of compradores, Chinese middlemen of Shanghai and elsewhere, who grew in political importance. Imperialism, feudalism, militarism, compradorism were the disunifying factors that pulled the Chinese nation into different directions and they had but a poor economy to rest upon. That China had in 1931 a railway mileage only one-fifth that of India and, in proportion to their respective territories, only one-hundred-thirty-fifth that of England is expressive of the comparative absence of a nationally unified market and of a national economic structure.

Till Dr. Sun Yat Sen expressed the urge of the Chinese people to feel and act as a unity, the suzerainty of the Chinese Emperor over his realms was only nominal. The ruling caste was itself party to the disruption of the country into rival militarist camps and it had so far decayed that it could neither preserve the freedom of China nor restore her to unity. In fact, freedom and unity of the country were, as elsewhere, two facets of the same political task which could now be carried out

only through a popular upsurge. A democratic movement of the people was required to crush the disruptive trends of militarism and imperialism and to so reconstruct the people's psychology as to create a United China. Such a movement alone could so model the country's economy as would enable the people to live and progress and withstand the disruptive trends. Dr. Sun Yat Sen's Three Principles of national independence, political democracy and people's living arose, in reality, out of one basic principle, the democratic upsurge of the people.

As few other factors in world history, Dr. Sun Yat Sen's Testament and Three Principles have been and are a guide to this ancient people of hoary and continuing traditions in the task of recreating itself.

When the Expeditionary Force of the Kwangtung province in South China started north-wards in 1926 on its mission of unifying China in a democracy, a series of struggles of the masses had preceded it and had partially trained the people into resistance to militarism and imperialism. More than the military strength of the Expeditionary Force itself, the open welcome given it by the people of China assured its victory. The speeches and leaflets of the Expedition's propagandists were brought into more frequent use than the bullets of its soldiers. A general feeling of national resurgence spread and the Chinese people looked forward to victory, freedom and unity.

The People's Party, Koumintang, embodied this national will and was, at the same time, the director of the Expeditionary Force and the organ of the people's struggles. As director of the Expeditionary Force, it trained up an army on the lines of a national militia, a competent General Staff and able Commanders and Generals. As organ of the people's struggles, it organised among the Chinese people the desire to democratic unity and led their struggles against feudal oppression in the villages and imperialist exploitation in the cities.

Soviet Russia's help in money and military and general advisers contributed in no small measure to the original strength of the Koumintang and its Expeditionary Force.

Reference has been made elsewhere to the fate of this expedition. Armed forces entered Shanghai under the command of General Chiang Kai Shek who eventually succeeded in establishing a Central Government in Nanking. The Nanking Government spoke in the name of the Koumintang. It did not however provide for internal party democracy. A pro-Nanking Executive assumed all power and no provision was made for plenary sessions of the Party Congress at which this Executive and its government could have been compelled to ask for the renewed confidence of the Party. The unity of China that was to have been brought about under the leadership of the Three Principles suffered serious setbacks. The freedom of China was more a juristic appearance and, though some efforts were made by the Nanking Government to translate it into reality, they were largely unsuccessful. Imperialism conceded in comparatively minor matters such as autonomy in the levying of customs duties on foreign trade but, on the whole, it continued to dominate China both territorially and economically. Through denationalisation of strategic cities known as foreign concessions and international settlements, control over rivers and railways, business investments and government loans, different imperialist Powers maintained their grip on China. During the last ten years of its rule, the Nanking Government has suffered further losses of territory to Japanese imperialism in the shape of Manchuria and Jehol. It has no doubt sought to improve People's Living through improvements in agriculture, transport, currency and education, but these have barely touched a fringe of the Chinese problem. In like manner, a gulf yawns between what was set for in the way of a creative and democratic unity of the Chinese people and what has been attained. Nanking did not permit democratic liberties of expres-

sion and association without which a people, with landlords and financiers in its midst, is hardly in a position to express itself creatively. Certain provincial generals nominally owing allegiance to the Central Government were also free to continue the old militarist tradition. While democratic urges which alone could create a United China were held under check by Nanking, Left Koumintang in the South and a moving Red China were brisker in their rate of development. This disparity took such a serious shape that a major part of the energies of the Chinese people has during the last decade been devoted to a series of civil wars between Nanking China and Red China. Distracted China, despite partial advances, remained a disunited China.

Why did the achievements fall so far short of the expectations? Before we enquire into the weaknesses of the Chinese movement itself, we may as well form a background picture of imperialism in China. China has been peculiarly unfortunate in being the battleground of many conflicting imperialisms; Britain, Japan, U. S. A., France, Germany and Italy have all had their individual say in Chinese affairs. Imperialist intrigues and brutality have been far too much of a drag on Chinese national recovery. The story of Japanese imperialism ever since 1931 has been an unending series of wars on Chinese freedom. It has had recourse to bribery, intimidation and quite often, bombs. It has rested on a modern and organised economy. In contrast, the weapons of the Chinese were moulded in the shape of a backward and agricultural economy.

The Koumintang was both the director of the Expeditionary Force and the organ of the people's struggles. These are two distinct functions and sometimes a divergence arises between them. The roots of such a divergence are mainly social; the composition of a society, different classes and their mutual relations, is at the back of it. Some classes may want to forge ahead with the people's struggles and, thereby, create a united

national will; while others may desire to suppress these struggles and emphasise instead the virtues of diplomacy and tact. Such a conflict of class desires did in fact arise within the Koumintang and the Chinese freedom movement. That eventually a divergence arose between the two functions of the Koumintang was due to this conflict. But, perhaps, this divergence has a significance of its own. Perhaps, the Koumintang was premature in assuming the function of directing an armed force. As the organ of the peoples' struggles, the Koumintang had inevitably to rely on the ideological advance of the masses and their organised peaceful strength. Was the mass of the Chinese people sufficiently advanced, ideologically and organisationally, to master a military machine? A revolutionary movement that seeks to bring about democracy and unity among a people has to be careful about its own military machines lest they should devour it. The military machine of the Chinese democratic revolutionary movement did in fact strengthen the hands of those in the movement and the General Staff who believed more in the virtues of diplomacy and tact than in the faithful carrying out of the revolutionary programme.

The Central Government at Nanking was the work of that wing of the Koumintang which accepted the entry into Shanghai as the end of the nationalist endeavour. Shanghai is not only the principal port but the biggest industrial centre of China. Whoever controls Shanghai controls China's finances and, so, dominates the whole country. The entry into Shanghai, therefore, of armed forces of the Koumintang was naturally acclaimed with great national jubilation. However, British, Japanese and United States gunboats were standing by and ready to strike and several Koumintang generals in the hinterland had only recently learnt to pay homage to popular democracy. The Koumintang section which cried halt, considered the Expedition a closed chapter, accepted the Shangahi base and desired to build a United

China on it got its chance. It sought for recognition by imperialist Powers and got it. It received the assistance of Shanghai compradores, Chinese capitalists and merchants. It secured the benevolent tolerance of feudal militarists in the hinterland. After securing the social base of Chinese capital and feudal elements and saving itself from imperialist gunboats, the Nanking Government attempted to reconstruct China on the lines of the Three Principles.

This proved an impossible task. Nanking was early faced with the question: Is Chinese unity to be born out of bourgeois leadership and feudal alliance or is it to be the outcome of the democratic upsurge of the Chinese people? Nanking's answer left no doubt that, not only would the unity it may achieve be superficial and of ill-defined allies, but the freedom it may secure would be equally halting and hedged. Unity and freedom were two aspects of the same task; only a democratic movement of the Chinese masses could break the shackles of internal feudalism and external imperialism and, thus, achieve unity and freedom.

Nanking thought it wise to adopt the policy of least resistance, of "accept what you have got and build on its base." A section of the Chinese people, however, thought otherwise and felt that, even with the entry into Shanghai, the task of the national revolution was not yet completed. The peasants still suffered feudal oppression, the workers suffered severe exploitation in imperialist and Chinese factories and these and the students still suffered the humiliations of foreign rule. The Chinese Communist Party organised this suffering and gave it expression.

Workers of Shanghai and Canton were killed by the thousand in 1927-28 and the peasants fared no better. The unity of China was caught between the truckling of Nanking to feudal elements and the suppression of workers' and peasants' movements.

Nanking however held the trump card. Not only

could it rely on Chinese and imperialist finances, but it had the majority of the people on its side, at least, not against it. There was a widespread feeling of victory and that something had been achieved which had to be preserved. A great number of people were willing to accept the entry into Shanghai as the finale of the Northern Expeditionary Force. Their revolutionary enthusiasm felt like celebrating a victory. This was hardly the occasion when the revolt against Nanking could have spread infection. It could have done so only if there had been adequate clarity among the people as to the various ways in which imperialism exercised its control and drew support from the Chinese vested interests.

It is true that the programme of confiscation of large landed properties was forced on the Communists as a result of the feudal offensive and betrayal of the Three Principles. But, whatever its justification, this programme served as an irritant. Easily, the impression grew that Communists differed from Nanking in their desire for Socialism and a Soviet China. It could not as easily be made clear that they differed from Nanking also in their desire for a Free and United China. Left Koumintang should not, as it did, have lent its support to Nanking and have, thereby, disrupted the unity of China between the reformism of Nanking and the revolutionism of the Communists.

During the last ten years, Nanking has engaged in six major battles with Red China. Despite occasional military defeats, Red China has each time eluded the grasp of Nanking. The secret behind it is the incapacity of Nanking to inflict a political defeat on Red China, no matter what its capacity to gain military laurels might be. The political idea behind Red China is invincible. The tormented peasantry welcomes it and aspires for liberation from feudal and militarist oppression. It forms a part of the Red Army. The Communists make it a liberal grant of arms, which Nanking, due to its social

structure of big landlords, may not do. The red peasantry supports the regular forces of the Red Army by what is commonly known as "partisan action" against the enemy. Not only is the enemy's rear harassed which makes his advance difficult, but the red peasantry is a reservoir of constant reinforcements to the Red Army. The Unity of China that Communists are working for is that built on the democratic equation of the masses with the State, after a restless elimination of all militarist and feudal interests.

Japanese invasion of North China has brought Nanking, Left Koumintang and Red China together. Reports indicate that where Red China has submitted itself to the unified political and military command of Nanking, the Central Government in turn does not hesitate to put Communists into responsible positions. For the first time in modern history, China is putting up a united people's resistance to imperialism. The Northern Expeditionary Force was no doubt directed, in one of its ends, against imperialism but it never came to an actual fight. The battles of Shanghai, 1931-32, were both short-lived and local and were neither preceded nor followed by a united front of the Chinese people. The last six months have written a new page in Chinese history. China is fighting for freedom against imperialism. This fight is united. Competent observers are, therefore, suggesting that, even if it came to the worst and China is defeated, out of this defeat will emerge the united national will of the Chinese people for freedom. It will be a "constructive defeat."

Defeat will not be half so bad as desertion. Groups may not be wanting which would like to seize opportunities for peace or compromise with Japan. That will be desertion and will surely lead to a further period of civil wars. No doubt, there is no important group of mass following that today talks of compromise with Japan nor does it seem likely to arise in the future.

In any event, the most likely development appears

also to be the most hopeful. Whether defeat or victory, the Chinese people will come out of the war with a deepened content of the Three Principles and a reaffirmed faith. Nationalism will mean removal of all vestiges of territorial and economic control of imperialism. Democracy will mean progressive expression of the will of the people, which will be safeguarded through liberties of expression, association and peaceful action. People's Living will mean basic reconstruction of the nation's economy, abolition of landed estates and curtailment of rights of capital.

General Chiang Kai Shek has a majority of the people with him. Commander Chu Teh has proved an expert in "partisan action." There is sure to be a diversity in the rates of development of the two systems that these represent. It is only to be hoped that neither system will permit this diversity to assume such serious proportions as to jeopardise the Unity of China. Nor would this unity have any meaning if it includes within its fold feudal militarists and does not make adequate provision for democratic growth.

China like India is discovering unity through national freedom and political democracy. The two peoples have endured in history.

January, 1938

CHINESE CHRONOLOGY

1839—42	:	First Opium War between Britain and China; China cedes Hongkong to Britain and opens Canton and four other ports to foreign residence and commerce.
1856—60	:	Britain and France war on China; Treaties of Tientsin.
1864	:	Americans and English help crush the T'ai P'ing movement.
1894—95	:	Sino-Japanese war over Korea; China acknowledges Korean independence; Japan takes Formosa and Pescadores; Russia permitted to build Trans-Siberian railway across Manchuria.
1897	:	Germany seizes Kiaochow.
1898	:	Port Arthur leased to Russia; Wei-hai-wei to Britain.
1899	:	"Open door" policy in regard to China.
1900	:	Boxer revolt against foreign control; Russia seizes Manchuria.
1904—5	:	Russo-Japanese war over Manchuria; Japan seizes Port Arthur.
1907	:	China regains control over Manchuria; Korea a Japanese protectorate.
1910	:	Japan annexes Korea.
1911	:	Sun Yat Sen head of provisional Chinese Republic.
1912	:	Founding of Koumintang.
1913	:	Republic suppressed.
1919	:	Japan obtains mandates of former German Pacific islands north of Equator and Kiao-chow and other holdings in Shantung

1920	:	Sun Yat Sen sets up constitutional Government in Canton.
1922	:	Li Yuan-hung President of China; Sun Yat Sen defeated in south, Chang Tso-lin in north.
1925	:	Death of Sun Yat Sen.
1925—26	:	Year-long General Strike in Hongkong; Strikes elsewhere.
1926	:	Northern Expeditionary Force advances.
1928	:	Chiang Kai-shek President of China; Nanking capital; series of civil wars.
1931—32	:	Japan captures Manchuria; sets up the State of Manchukuo.
1933	:	Japan captures Jehol.
1935	:	Russia sells Chinese Eastern Railway to Japan.
1937—	:	Japan invades North China; Cessation of civil war in China; United People's resistance to Japanese invasion.

Foreign Investments in China (*Remer's calculations*, 1931)[1]
in Rs. 000,000.

	Business Investments	Government Loans	Total	Per cent
Great Britain ..	2673	621	3294	49
Japan	999[2]	621	1620	24
U. S. A.	432	121.5[3]	553.5	8
France	256.5	270	526.5	8
Belgium	108	135	243	4
Germany ..	202.5	40.5	243	4
Italy	13.5	121.5	135	2
Netherlands ..	27	54	81	1
Scandinavia ..	5.4	2.7	8.1	—
Total ..	4716.9	1987.2	6704.1	

[1] Aside from wide variance in different estimates, there have been since 1931 additional foreign investments in China. Up-to-date, the total of foreign investments in China will be anywhere between Rs. 10,000 million and Rs. 15,000 million.

[2] Japanese investments in Manchuria amount to another Rs. 3,000 million, bringing the total of Japanese investments in China to Rs. 4,620 million.

[3] The United States has extended further credits to Nanking. News of two recent loans of Rs. 300 million is available. That would bring the total of American investments in China to nearly Rs. 900 million.

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The Indian Federation

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tions in other countries, do not fully obtain in India today. For India, the so-called Federation is coming into being, neither as the result of a victorious struggle conducted by the sovereign people of India or by several sovereign States of India against a common oppressor, nor as a normal and peaceful culmination of certain unifying democratic tendencies in the country. It is, on the contrary, being imposed on the Indian people, against their declared and unqualified opposition, by a specific Act of British Parliament. It, therefore, reflects in its content neither the growing unity of the social aspirations of Indian masses, nor their democratic will, but merely the determination of British Imperialism to beat back the rising tide of mass revolt in India by tightening its octopus hold over the country with the help of a new constitutional machinery.

An analysis of the proposed Indian Federal structure will show that it has very little in common with any of the existing Federal Constitutions of the world. In the first place, the Sovereignty of Federated India will reside outside the country, that is, in British Parliament. The Federal Government as well as the governments of the constituent units will be subordinate entities, subject in almost every respect to the final authority of the Parliament. Secondly, the Indian Federation will not be constituted entirely on the principle of voluntary association of the federating units, since the Provinces, which represent nearly two-thirds of the population of the country, will have no choice in the matter of accession to the Federation, and will automatically become a part of it when other prerequisites, especially those in respect of the accession of States, are satisfied. Thirdly, the constituent members will differ a good deal from each other in respect of their internal political structure. While the States under the Federation will continue to be ruled by their autocratic princes, some degree of popular control over the administration will be permitted in the Provinces. The Federal Constitution will

neither declare nor guarantee any fundamental rights of the people, as was done in the Constitutions of the U. S. A., or the U. S. S. R.

These features of the Indian Federal structure and their implications will be analysed elsewhere in this pamphlet. Here, we may briefly note how the entire basis and framework of this Federation are determined by considerations of imperialist domination.

The Government of India Act of 1935, under which the Federal structure will be erected, reaffirms the absolute suzerainty of British Crown over India, makes British Parliament the sole authority responsible for determining any change in the Indian Constitution, and vests the Secretary of State with almost unlimited powers of control over the entire Federal machinery of government. Within the Federation, the Governor General is made the supreme authority in every field of governance. In the legislative field, he is given the power to override any decision of the Federal Legislature, to make laws by passing Acts independently of the Legislature, to issue Ordinances, and, if necessary, to suspend the entire "Constitutional" machinery and govern the country himself. He is also made the head of the Federal Executive, and his authority in this capacity is subjected to no limitations. Besides, he is empowered to administer and control personally, or through his agents, such important departments as Defence, External Affairs and Relations with Indian States. Then again, over 80% of the Federal budget is to be determined by him, quite independently of the Federal Legislature, and even with respect to the remaining 20% he is empowered to disallow any financial measure passed by the Legislature. Lastly, he is vested with what are called "Special Responsibilities" which cover almost every aspect of governmental activity, and in the discharge of which he is given the power to act entirely in his own discretion.

The Federal Legislature, viewed from the standpoint of its constitutional powers, will be a thoroughly impotent body. It will have no say in matters relating to Defence and External Affairs, and four-fifths of the Federal Budget will be completely outside its control. The Governor General will be empowered to stop any measure passed by it from becoming law. Besides, the Federal Court in charge of the higher Judiciary, the Federal Railway Authority, directing the transport system, and the Federal Reserve Bank, controlling the financial and industrial life of the country, will function almost independently of it.

It is, however, in its composition that the Federal Legislature exposes most glaringly, the new device of Imperialism to tighten its strangehold over India, in alliance with the reactionary and antiquated feudal elements of the country. The representatives of the States, who may be all direct nominees of the Princes and not elected spokesmen of the people of the States, will occupy a solid one-third of the seats in the Federal Assembly, and 40% of the seats in the Council of State. The representation given to the State in both the Houses is not only much greater than their due share on the population basis, but is also far in excess of the proportion of national wealth they represent, and the financial contribution they will make to the Federal exchequer. The rest of the seats in the Federal Legislature will be filled through a variety of separate communal constituencies, which have been so determined as to ensure the predominance of politically backward and reactionary elements in the Legislature.

It will, thus, be seen that the Federal Structure will not in any sense mark a constitutional advance in the direction of self-government in India. On the contrary, it will be a distinctly retrograde step, as it will tip the balance overwhelmingly in favour of feudal and other vested interests in the highest organs of the State. Besides, under the Federation the powers of the Gover-

nor General will be far more comprehensive and explicit than they have been under the Constitution of 1919. In reality, therefore, this so-called Federation will be nothing more than a reassociation of the old administrative divisions—Provinces and States—effected in a manner as to reinforce the system of imperialist exploitation. The whole Federal Scheme is obviously meant to be a counterblast to the growing unity of the Indian masses in their common democratic struggle for bread and freedom, in so far as it organises at the top, all the anti-democratic and unprogressive vested interests under the direct control of imperialist bureaucracy.

All this need not be a matter of surprise. The imperialist system is fast approaching its inevitable doom. On the one hand, inter-imperialist antagonisms have brought humanity to the brink of another world slaughter, and on the other, both in the homelands of imperialist powers, and in the oppressed subject countries, a fresh revolutionary upsurge of the downtrodden masses has begun. British Imperialism, as the oldest and the most experienced of the dying Imperialisms of the world has not been slow to sense the impending danger; its federal scheme, which arms it with a constitutional machinery to face the new situation, is a clear testimony to its active preparation to beat the storm that is rapidly gathering over India.

THE ALL INDIA FEDERATION

Section 5 of the Government of India Act of 1935 provides for the formation of a Federation, composed of the British Indian Provinces and such Indian States as accede to it.

The accession of Indian States to the Federation will be voluntary. No State will accede unless its Ruler executes an Instrument of Accession declaring his willingness to join the Federation. The Provinces will, on the other hand, automatically become a part of the Federation, when all the other conditions necessary for its inauguration have been satisfied.

The Federal Constitution will not be launched unless a minimum number of States agree to join it. The Act lays down that States representing at least one half of the total State population of India, and claiming not less than 52 seats in the Upper Chamber of the Federal Legislature must accede before the Federation is started.

States which do not join the Federation at the beginning will be able to accede later, provided their application for accession is made within a period of 20 years from the establishment of the Federation. No State will be able to accede after the expiry of this period.

Neither the Provinces nor the States, having once joined the Federation, will be free to leave it, though the latter will have a limited right to modify their original Instruments of Accession even after they have been executed.

The Federation thus constituted will have a double chambered Legislature; the lower chamber will be called Federal Assembly, and the upper chamber Council of State. The Federal Executive will be composed of a Council of Ministers and the Governor General. The Federal Judiciary will be organised in a permanent Federal Court. Every organ of the Federal Government will draw its power and authority from the provisions of the Government of India Act of 1935.

British Sovereignty.

British Sovereignty over India will not be affected in the slightest degree by the creation of the Federation. The Government of India Act of 1935 asserts more explicitly than any previous Act, the absolute suzerainty of British Crown over India. Section 2 of the Act says:

"(1) All rights, authority and jurisdiction heretofore belonging to His Majesty the King, Emperor of India, which appertain or are incidental to the government of the territories in India for the time being vested in him, and all rights, authority and jurisdiction exercisable by him in or in relation to any other territories in India, are exercisable by His Majesty, except in so far as may be otherwise provided by or under this Act, or as may be otherwise directed by His Majesty."

"Provided that any powers connected with the exercise of the functions of the Crown in its relation with Indian States shall in India, if not exercised by His Majesty, be exercised only by, or by persons acting under the authority of, His Majesty's Representative for the exercise of those functions of the Crown."

"(2) The said rights, authority and jurisdiction shall include any rights, authority or jurisdiction heretofore exercisable in or in relation to any territories in India by the Secretary of State, the Secretary of State in Council, the Governor General, the Governor General in Council, any Governor or any Local Government, whether by delegation from His Majesty or otherwise."

These provisions constitute one of the clearest and the most categorical formulation of British Sovereignty over India, ever attempted in an Act of Parliament.

The principle that British Parliament alone can determine any constitutional advance for India has been expressly embodied in the new Constitution. The Act of 1935, while repealing the Act of 1919, retains its Preamble, which among other things states that "the time and manner of each advance can be determined

only by Parliament upon whom responsibility lies for the welfare and advancement of the Indian people". In addition to this, Section 110 of the Act of 1935 provides that nothing in the Act shall be taken——

"(a) to affect the power of Parliament to legislate for British India, or any part thereof, or

(b) to empower the Federal Legislature, or any Provincial Legislature;

to make law affecting the Sovereign or the Royal Family, or the Succession to the Crown, or the Sovereignty, dominion or suzerainty of the Crown in any part of India, or the law of British nationality, or the Army Act, the Air Force Act, or the Naval Discipline Act, or the law of Prize or Prize courts."

Due provision has been made in the Constitution to ensure an unquestioned compliance with the dictates of Parliament on the part of all the organs of government in India. Not only have the bureaucratic agents of Parliament——Secretary of State, Governor General and Governors——been vested with very extensive and almost dictatorial authority in their respective spheres, but their powers have been so arranged, on a well designed system of checks and balances, as to secure the penetration of parliamentary authority into every section of the administrative machinery. Thus, the Governors with their unlimited powers over Provincial administration are placed under the immediate superintendence of the Governor General, who with all his absolute authority over the entire Federal structure is subjected to the guidance and control of the Secretary of State. Section 54 of the Act provides for the control that the Governor General is to exercise over the Governors. It says, "In so far as the Governor of a Province is by or under this Act required to act in his discretion or to exercise his individual judgment, he shall be under the general control of, and comply with such particular directions, if any, as may from time to time be given to him by, the Governor General in his discretion, but

the validity of anything done by a Governor shall not be called in question on the ground that it was done otherwise than in accordance with the provisions of this section". Section 14, which in similar terms lays down the power of superintendence of the Secretary of State over the Governor General, says, "In so far as the Governor General is by or under this Act required to act in his discretion or to exercise his individual judgment, he shall be under the general control of, and comply with such particular directions, if any, as may from time to time be given to him by the Secretary of State, but the validity of anything done by the Governor General shall not be called in question on the ground that it was done otherwise than in accordance with the provisions of this section."

It will be noted that according to these sections the Governors and the Governor General are subject to superintendence only in respect of those matters in which they are required to act in their discretion or to exercise their individual judgment, but, as we shall see later, these matters are so numerous and so comprehensive in scope as to cover almost every field of governmental activity.

A more vivid picture of the rigid supervision and control that the British Parliament will exercise over the Indian Federal structure can be secured by looking at the powers that have been, explicitly or implicitly, vested in the Secretary of State. In the first place, the Secretary of State, will, in practice, exercise all the powers reserved to the Crown. He will, for example, exercise the power of the King to disallow any Act passed by the Provincial or Federal Governments, and also to repeal, extend or modify any extraordinary legislation, such as Ordinances, or Governor's or Governor General's Acts. (Sections 43-44, 89-90). As the main advisor of the Crown, the Secretary of State will be in charge of supervising the relations of the States with British India, in all matters which fall within the scope of the special treaty obligations between the Crown and the States.

Besides, the absolute right of the British Parliament to make, abrogate or suspend the constitution, or a part thereof, will also be exercised generally at his recommendation.

In addition to all this, as stated above, the Secretary of State will direct and control the Governor General in all matters in respect of which the latter is empowered to act in his discretion. These matters include such important subjects as Defence, External Relations, administration of Excluded areas, Relations with Indian Princes, supervision over Provincial Governors, appointment and dismissal of Federal ministers, and all the extraordinary powers of the Governor General in regard to the Federal Government. The suspension of the constitution by the Governors and the Governor General will also be subject to the supervision and control of the Secretary of State, since the suspension will be in the discretion of the Governors and the Governor-General. The Secretary of State will also be entitled to interfere in all matters, which involve the exercise of the Special Responsibilities of the Governor General, and these are so comprehensive in scope as to cover almost every aspect of government. More specifically, they include the maintenance of law and order, the safeguarding of financial stability of the Federal Government, the protection of the interests of minorities, the protection of Indian States and their Rulers, the prevention of any discrimination, direct or indirect, against British goods, trade and industry in India.

The proclamation of a State of National Emergency by the Governor General acting in his discretion, under conditions when the security of the country is threatened by war or internal disturbance, will have to be submitted to the Parliament through the Secretary of State.

The Secretary of State will wield a great deal of direct influence over the Civil Administration of the country, through his right to make appointments to the Imperial Services. He will also, according to sections

246 and 247 make rules specifying the number, character and conditions of service of the posts under the Crown, which will be filled by persons appointed by him. Besides, under Section 244 he will be empowered to make appointments to any service or services related to those functions, which the Governor General will exercise in his discretion. The direct authority of the Secretary of State over the military administration of India will in no measure be smaller. Apart from the higher defence appointments, which will be made by the King at his instance, he will be entitled to interfere with any branch of the Department of National Defence and to prescribe the number and conditions of service of the Defence Forces. Section 235 expressly lays down that, "the Secretary of State may acting with the concurrence of his advisors, from time to time specify what rules, regulations and orders affecting the conditions of service of all or any of His Majesty's Forces in India shall be made only with his previous approval." Section 236 provides for the continuance of the right of appeal to the Secretary of State, which certain sections of the Armed Forces enjoyed under the Act of 1919.

The Secretary of State will also be in a position to wield a great deal of direct influence over the judicial system of the country, since, in actual practice, it will be at his recommendation that the judges of the Federal Court, as well as those of the Provincial High Courts will be appointed under the Royal Sign Manual.

Though, at first sight it may seem that the financial powers of the Secretary of State have been considerably reduced by the Act of 1935, especially in respect of public borrowing on account of the Government of India, yet it must not be forgotten that, under Section 14 it has been made obligatory on the Governor General to comply with the orders and directions of the Secretary of State in all matters, which involve the exercise of his Special Responsibilities, and one of these matters is the *safeguarding of financial stability of the Federal Government,*

a phrase which is vague and general enough to justify any act of interference in financial matters by the Secretary of State.

It will be seen from these provisions that the Secretary of State, as the chief representative of the Parliament in the governance of India, will dominate the entire Federal structure through his unlimited powers. His authority will not only extend to the protection of British imperial interests in India, and the interests of Indian Princes and other feudal elements, which are the main prop of British imperialism, but will also enable him to interfere in the ordinary day to day administration of the country. The Governors and the Governor General, with their varied and extensive powers in regard to internal administration, will be entirely subservient to him. He will have the final say in every matter.

Thus, the Federal scheme will not in any way touch the basic political relationship between India and Great Britain. The corner-stone of imperialist system in India, that is, British Sovereignty will remain intact and in virtue of this sovereignty British Imperialism will continue to hold every economic, financial and political key position in India, as firmly as when it first conquered power a century and a half ago from the effete feudal rulers of the country.

Indian States in the Federation.

A glance at the political history of India under British rule would show that British Imperialism has from time to time deliberately revised and reconstructed the constitutional machinery of the country, in order to secure a technique of rule more consistent with changed conditions. The motive behind these periodic constitutional revisions has been the same throughout, from the time of the Queen's Proclamation of 1858 to the passing of the Government of India Act of 1935, namely,

to safeguard the steel frame of imperialist rule from being weakened by the stress and strain of new political forces, within and without the country.

The Federal constitution is another step in the same direction. It is a device to reinforce the economic and military dictatorship of Great Britain over India at a time when the Economic Depression has shaken the imperialist system to its very foundations, when another world war seems inevitable, and when, above all, growing misery and starvation has brought the Indian masses to the verge of an open revolt against the present system of government.

At this critical juncture, Imperialism seeks to strengthen the pro-imperialist political alignment in the country, by erecting a constitutional machinery which will draw the Indian Princes into the Central Government as an organised bloc, to throw their full weight against all democratic and progressive forces. The Federal structure will bring all the allies of Imperialism, especially the big feudal interests, into closer and more active collaboration with the bureaucracy, for defeating popular movements on the one hand, and for preparing the State machinery for an imperialist war on the other.

It may be observed, that while the States and the Provinces will be formally considered to be coequal members of the Federation, the conditions governing their accession and their respective relations with the Federal authority will be such as to give the States a constitutionally superior position in the Federation. In the first place, while all the Provinces will, *ipso facto*, become a part of the Federation, the States will accede only when the Ruler concerned voluntarily executes an Instrument of Accession, whereby he for himself, his heirs and successors——

"(a) declares that he accedes to the Federation as established under the Act, with the intent that His Majesty the King, the Governor General of India, the Federal Legislature, the Federal Court and any other Federal

authority established for the purposes of the Federation shall, by virtue of his Instrument of Accession, but subject always to the terms thereof, and for the purpose only of the Federation, exercise in relation to His State such functions as may be vested in them by or under this Act; and

(b) assumes the obligation of ensuring that due effect is given within his State to the provisions of this Act so far as they are applicable therein by virtue of his Instrument of Accession."

Secondly, the relations of the Federal Government with the Provinces will be governed strictly by the provisions of the Government of India Act; no Province will be at liberty to prescribe its own obligations and responsibilities *vis a vis* the Federation. As against this, the Instrument of Accession executed by the Ruler of a State will specify the matters in respect of which the Ruler accepts the authority of the Federal Legislature to make laws for his State, and the limitations to which the power of the Federal Legislature and Executive will be subject in his State. A ruler may by a supplementary Instrument vary the terms of the original Instrument of Accession by extending the functions exercisable by the Federal Government in relation to his State.

Thirdly, the form of Government which the Provinces will have under the Federation is prescribed by the Act, but none of the Federating States will be required to effect any reform in its internal administration on accession to the Federation, however different its system of Government may be from that of the other members of the Federation. Besides, every State will be free to introduce changes in its internal constitution without reference to any outside authority, while the Provincial Constitutions are determined by the Act, and cannot be altered without the consent of the British Parliament.

Lastly, while the constitutional status of the Provinces under the Federation will be regulated in strict

accordance with the provisions of the Act, the position of the States will be governed not merely by the Act or the Instrument of Accession but also by a variety of Treaties, Engagements, etc, which exist between the States and the Crown, and which will not necessarily be abrogated or suspended on the States joining the Federation.

It will thus be seen that as compared to the Provinces the States will enjoy a far greater degree of independence from the Federal Authority. Not only will their accession depend on a voluntary act of the Rulers, but they will even be empowered to determine their own relations with the Federal Government. Their direct treaty relations with the Crown will remain intact, and the Federal Government will interfere with their internal administration only to the extent that the Rulers in their Instruments of Accession allow such interference.

The representation given to the States in the Federal Legislature is far in excess of their real importance in the political or economic life of the country. In the Council of State they will occupy 40 per cent of the total seats, and in the Federal Assembly 33 per cent, though on the population basis they are not entitled to more than 25 per cent of the seats. In point of the national wealth that they represent, and the contribution that they will make to the revenues of the Federation they deserve a much smaller representation. It is estimated that 90 per cent of the Federal revenue will be derived from the Provinces, and only about 10 per cent from the States. And yet the Federal scheme gives them a disproportionate weightage, in order that they may effectively counteract the influence of the democratic elements drawn from the Provinces.

While the States with their disproportionately high representation on the Federal Legislature will be in a position to interfere in every matter concerning the Provinces, which under the Act falls within the jurisdiction

of the Federal Authority, the representatives of the Provinces will be able to influence legislation only on those matters concerning the States in respect of which the Rulers in their Instruments of Accession accept the authority of the Federal Government. Thus, the States will be free to project their reactionary influences into British India, by throwing their weight against every democratic move in the Federal Legislature, while they themselves will be immune from the pressure of the progressive forces operating elsewhere in the country.

It is important to note that every aspect of the relation of States with the Federal authority will be determined by the personal will of the Rulers, and not by any democratic process.

The people of the States will have no say in the matter of accession of the States to the Federation; nor will they elect the so-called representatives of the States in the Federal Assembly or the Council of State. Each Ruler will determine personally as to when and under what conditions his State will join the Federation; he will also in his individual capacity decide as to who will represent his State in the Federal Legislature. This will not merely ensure a consistent anti-democratic role of the States in the Federation, but will, in addition, make a few hundred odd princes the undisputed masters of the destinies of 81 million persons inhabiting the States, by enabling them to perpetuate their autocratic rule under the numerous guarantees afforded by the Federal Constitution.

Furthermore, it may be observed that the terms under which the States will join the Federation, and the privileged position that they will hold therein, will make the Federal structure a strange conglomeration of various governments, dominated by conflicting social ideas, and having widely different forms and methods of administration. The Provincial Governments based on some degree of popular control will be artificially aligned with a variety of autocratic feudal States. Obviously, a

Federal structure of this nature would be characterised by a complete absence of homogeneity of aims and outlook among its constituent members. This, aside from creating a great deal of confusion and difficulty in legislation, particularly as the Federal laws will not apply uniformly to all the constituent members, will make serious conflicts, between State and Provincial governments inevitable. One of the greatest sources of conflict will be the question of the jurisdiction of Federal authority, since what would apply to the Provinces would in many cases not apply to the States. In fact the whole character and composition of the Federation will be such as to make any concerted action, on the part of the constituent units, on major issues virtually impossible. The internal strains and stresses will be so great as to render the whole machinery of Federal government thoroughly incompetent for tackling any important problem concerning the welfare of the people. Thus, the Federation will achieve merely a semblance of unity between British India and the States; in actual practice it will convert the central government of the country into a battleground for various Provincial and State Governments.

All this is nothing fortuitous; it is a deliberate attempt by British Imperialism to counteract the growing unity of the Indian masses and the strength of their common struggle, by organising in the topmost organs of the State all the pro-imperialist vested interests in a manner as to bring the entire administrative system of the country under the direct hegemony and control of a feudal-imperialist block. The Indian States in the Federation, while maintaining their internal autocratic rule, will with the help and cooperation of the imperialist bureaucracy serve as the main bulwark against the advance of democratic struggle in the rest of the country. Their stronghold in the Federation will serve as an effective counterblast to the small measure of popular control that has been conceded in the Provinces.

Structure of the Federal Legislature.

The Federal Legislature will consist of two Chambers. The upper chamber will be called Council of State and the lower chamber Federal Assembly. The Council of State will be a permanent body, in the sense that it will not be subject to dissolution, though one-third of its members will retire every third year, in a manner that every member will, after the first six years, retain his seat for nine years at a stretch. The Federal Assembly will have a life of 5 years, though the Governor General will be entitled to dissolve it earlier.

The Council of State will consist of 150 representatives of the Provinces, and not more than 104 representatives of the States. The Federal Assembly will have 250 members from the Provinces, and not more than 125 from the States.

The election of members representing the Provinces in the Council of State will be direct, but the franchise, based on high property qualifications and the holding of some prescribed status or titles, will be so restricted as to include only about 150,000 people in the electoral roll for the whole of British India. The British Indian members of the Federal Assembly will be elected indirectly, that is, by the Provincial Legislatures acting as electoral colleges. In both the Chambers, seats will be allotted to each State or each group of States, and the manner of filling these seats will be decided by the Rulers themselves.

The principle of communal representation through separate electorates will apply to both the Houses. The total seats in the Council of State as well as in the Federal Assembly will be divided into General seats, composed of representatives of Hindus and such other elements as will not have any separate representation, and seats reserved for communal minorities, namely, Mohammadans, Sikhs, Scheduled castes, Indian Christians, Anglo-Indians and Europeans. There will be some seats

reserved for special interests, such as Women, Commerce and Industry, Labour and Landholders.

For purposes of election to the Council of State, the entire electorate will be split up into territorial constituencies on a communal basis, and no one included in the electoral roll for Muslim, Sikh, Anglo-Indian, European and Indian Christian constituencies will be entitled to vote for a General seat. The representatives of Scheduled castes in the Council of State will be elected by the members of the Provincial Legislature belonging to those castes; the same rule will apply to Women representatives. Of the 150 seats allocated to British India, 75 will be filled from General constituencies, 6 from Scheduled caste constituencies, 4 from Sikh constituencies, 49 from Muhammadan constituencies and 6 from special constituencies for Women.

Members of the Federal Assembly will be elected from constituencies, each composed of the representatives of one community in a provincial Legislative Assembly. Each communal group will vote for and elect its representative independently of the other communal groups. Thus, all the Muslim members of any Legislative Assembly will form one constituency; similarly will the Sikh, Indian Christian, Anglo-Indian and European members of that Assembly constitute themselves into separate constituencies. Of the 250 seats allocated to British India in the Federal Assembly, 105 will be General seats including 19 reserved for the Scheduled castes, 6 will be reserved for Sikhs, 82 for Muslims, 4 for Anglo-Indians, 8 for Europeans and 8 for Indian Christians. Of the remaining seats, 11 will be assigned to Commerce and Industry, 7 to Land-holders, 10 to Labour and 9 to Women.

As between the Provinces the total seats allocated to British India in the Federal Legislature will be destributed as follows:—

Province	Seats allocated in the Council of State	Seats allocated in the Federal Assembly.
Madras	20	37
Bombay	16	30
Bengal	20	37
United Provinces	20	37
Punjab	16	30
Bihar	16	30
C. P. and Berar ..	8	15
Assam	5	10
North-West Frontier Province ..	5	5
Orissa	5	5
Sind	5	5
British Baluchistan	1	1
Delhi	1	2
Ajmer-Merwara	1	1
Coorg	1	1
Non-Provincial Seats ..	10	4
TOTAL ..	150	250

Four important features of the structure of Federal Legislature deserve notice; first, the bicameral character of the Legislature with an Upper House elected on a very restricted property franchise; secondly, the disproportionately high representation given to the States; thirdly, the splitting up of the entire Legislature into permanent communal groups returned through separate communal electorates, and lastly indirect election to the

Lower House. These, it may be noted, are only a few of the several devices adopted by the framers of the Constitution to keep the Federal Legislature as far removed from being amenable to popular pressure and control as possible.

It is now universally recognised by all shades of progressive political thought that an Upper House, representing big propertied interests, can have no legitimate place in a scheme of democratic government, since it must inevitably serve as a drag on the popular urge to progress.

The usual theoretical justification for an Upper House, namely, that it checks hasty or rash legislation, and exercises a moderating influence on legislative activity generally, cannot be seriously entertained today, when parliamentary procedure has become so elaborate as to subject every bill to thorough scrutiny and analysis in the Lower House, and when, above all, material and social conditions are changing so rapidly, that what is needed is not a slow moving legislative machinery but one which can keep pace with the growing tempo of social movements. In reality, however, Upper Houses have been the political fortresses of propertied interests, from where they have dominated and controlled the State. In India, British Imperialism needs a variety of checks and balances in the constitutional system in order to safeguard its dictatorship, and for this purpose it has created an Upper House, which would consolidate and harness in its support the influence and power of the Indian propertied classes. The undue importance given to the States in the Federal Legislature is inspired by similar motives. As we have already observed, British Imperialism, having thoroughly discredited itself in the eyes of the overwhelming majority of Indian people, is seeking at this critical moment, when its dominance is being seriously threatened by the rapid onslaught of anti-imperialist forces, to enlist the fullest cooperation and support of all the autocratic remnants

of Indian Feudalism.

Communal representation through separate electorates, which is merely an extension into the legislatures of the old imperialist policy of divide and rule, is one of those features of Indian constitution which have been most consistently and jealously safeguarded by the British Parliament. Communal representation tends to foster and to divert attention to sectional rather than national issues in political life, and to place communal feelings and propaganda at a premium in electioneering contests. It is obvious, that a Legislature split up into various communal groups, each composed mainly of persons returned on a religious or sectional appeal to the electorate, will be so full of internal contradictions and conflict as to make any united progressive move on the part of its members difficult. The Governor General with the open support of the representatives of the States and other big vested interests, and with a little political manoeuvring will be in a position to play off these groups against each other, in order to secure a reactionary majority on important issues.

Lastly, what deserves notice is perhaps one of the strangest and most anomalous provisions of the Government of India Act, namely, that while the Upper House, i.e., the Council of State, which stands for the interests of the propertied classes, will be elected directly, the Lower House, i.e., the Federal Assembly, which represents more popular elements, will be elected indirectly. The Joint Parliamentary Committee, which examined the proposals of the White Paper, decided in favour of indirect election to the Federal Assembly, on the ground that a system of direct election would create huge constituencies, which would not enable any representative to keep in touch with his constituents. This argument, however plausible it may appear, conceals the real motive behind the scheme of indirect electorates. It is obvious, that a direct vote of the people would lead to a very strong representation or even a

majority of the Congress in the Federal Assembly. If there is an open mass contest for seats between the Congress and the reactionary groups, the former with its predominant influence over the masses, would come out more successful, but if the voting is confined to a few hundred members of the Provincial Assemblies, swayed by communal and other sectional loyalties, the reactionary elements would be able to manoeuvre successfully to get a much larger representation than they would have got if the election had been direct. British Imperialism is afraid of the will of the Indian masses. It has been obliged by popular pressure to concede direct election in the case of Provincial Assemblies but it wants, at any cost, to safeguard the Federal Lagislature from the growing influence of the anti-imperialist movement in the country.

Powers of the Federal Legislature.

In spite of the fact that the Federal Legislature as constituted under the above mentioned provisions, will be almost permanently dominated by a reactionary majority, British Imperialism has not considered it safe to entrust it with any effective legislative or financial powers. Section 99 of the Act confers on the Federal Legislature the general authority to legislate. It says, "Subject to the provisions of this Act, the Federal Legislature may make laws for the whole or any part of British India or for any Federal State, and a Provincial Legislature may make laws for the Province or for any part thereof." This general authority is however restricted in a variety of ways in the succeeding sections. Three types of restrictions are imposed. In certain matters, the Legislature is not permitted under any condition to pass any measure. In certain other matters, the Legislature is not allowed to act without the previous sanction of the Governor General. Thirdly, the Governor General is not only empowered to make laws

and issue ordinances quite independently of the Federal Legislature, but is also entitled to veto any and every Bill passed by the two Houses.

According to Section 110 of the Act, it will not be open to the Federal Legislature to propose or pass any measure "affecting the Sovereign or the Royal Family, or the Succession to the Crown, or the sovereignty, dominion or suzerainty of the Crown in any part of India, or the law of British nationality, or the Army Act, the Air Force Act, or the Naval Discipline Act, or the law of Prize or Prize Courts." Besides, under Sections 111-118, the Federal Legislature will not be entitled to make any law which discriminates against British industrial, trading or shipping interests in India or which imposes any restriction on British subjects domiciled in the United Kingdom in regard to, their right of entry into India, the holding or disposal of property, or the carrying on of any occupation, trade, business or profession.

It may be noted here, that the Departments of Defence, External Affairs, Ecclesiastical Affairs and Tribal Areas will be completely outside the authority of the Federal Legislature. They will be administered, not by ministers responsible to the Legislature, but by the Governor General himself or by persons appointed by him in his discretion. Section 11 of the Act says "the functions of the Governor General with respect to defence and ecclesiastical affairs and with respect to external affairs, except the relations between the Federation and any part of his Majesty's dominions shall be exercised by him in his discretion and his functions in or in relation to the tribal areas shall be similarly exercised."

Section 108 of the Act provides that the previous sanction of the Governor General shall be required for introducing or moving in either Chamber of the Federal Legislature any Bill or amendment which—

"(a) repeals, amends or is repugnant to any provi-

sions of any Act of Parliament extending to British India; or

(b) repeals, amends or is repugnant to any Governor General's Act, or any ordinance promulgated in his discretion by the Governor General or a Governor; or

(c) affects matters as respects which the Governor General is, by or under this Act, required to act in his discretion; or

(d) repeals, amends or affects any Act relating to any police force; or

(e) affects the procedure for criminal proceedings in which European British Subjects are concerned; or

(f) Subjects persons not resident in British India to greater taxation than persons resident in British India or subjects companies not wholly controlled and managed in British India to greater taxation than companies wholly controlled and managed therein; or

(g) affects the grant of relief from any Federal tax on income in respect of income taxed or taxable in the United Kingdom."

In addition to all these restrictions imposed on the powers of the Legislature, the Governor General will have, on the one hand, the right to issue Ordinances and make laws independently of the Legislature, and on the other hand, to veto any measure passed by the Legislature. No Bill shall become law unless it has received the assent of the Governor General, who in this respect will be entitled to act entirely in his own discretion.

The impotence of the Federal Legislature is most strikingly brought into relief where its financial powers are concerned. Section 33 divides the annual Federal expenditure into 2 parts, namely, (1) expenditure charged upon the revenues of the Federation, and (2) expenditure proposed to be made from the revenues of the Federation. The former will not be votable by the Federal Legislature and will include the following:

(a) the salary and allowances of the Governor General and other expenditure relating to his office for which provision is required to be made by Order in Council;

(b) debt charges for which the Federation is liable;

(c) the salaries and allowances of Ministers, of Counsellors, of the Financial Advisor, of the Advocate General, of Chief Commissioners, and of the Staff of the Financial Advisor;

(d) the salaries, allowances and pensions payable to Judges of the Federal Court, and the pensions payable to Judges of any High Court;

(e) expenditure for the purpose of the discharge by the Governor General of his functions with respect to Defence, External Affairs, Ecclesiastical Affairs, Excluded Areas, and the administration of any territory in the direction and control of which he is required to act in his discretion;

(f) the sums payable out of the revenues of the Federation in respect of the expenses incurred in discharging the functions of the Crown in its relations with Indian States;

(g) any sums required to satisfy any judgment, decree or award of any court or arbitral tribunal;

(h) any other expenditure declared by this Act or any Act of the Federal Legislature to be charged on the revenues of the Federation.

The other category of expenditure, namely, that proposed to be made from the revenues of the Federation, will be votable by the Legislature, though the Governor General will be entitled to sanction any expenditure and to restore any grant reduced or rejected by the Legislature. Besides, any question whether a proposed expenditure falls within a class of expenditure charged on the revenues of the Federation will be decided by the Governor General in his discretion.

What is noteworthy here is the fact that the non-votable part of the Federal budget will cover about 80

per cent of the total annual expenditure, and that the Governor will be free to interfere and override any decision of the Legislature even in respect of the remaining 20 per cent, which will be votable.

The financial powers of the Legislature are further reduced by several devices. Under Section 15 of the Act, the Governor General will be empowered to appoint a Financial Advisor to help him in maintaining the financial stability and credit of the Federal Government. The Advisor will be completely independent of the Ministers or the Federal Legislature, and will in practice exercise a great deal of control over the financial policy of the Federation. The right of the Governor General to frame rules of procedure for financial business in the Legislature to be completed in time, will serve as an additional restriction on the independence of the Legislature in financial matters. Then again, no demand for a grant shall be made except on the recommendation of the Governor General who will, before the budget is finally passed, authenticate by his signature the schedule of Authorised Expenditure. The schedule so authenticated will be laid before both Chambers, but shall not be open to discussion or vote therein. The Governor General will be further empowered, under Section 36, to authorise any Supplementary Expenditure not provided for in the Annual Financial Statement. Furthermore, the previous sanction of the Governor General shall be necessary for introducing in the Federal Assembly any Bill or Amendment making provision—

(a) for imposing or increasing any tax; or

(b) for regulating the borrowing of money or the giving of any guarantee by the Federal Government, or for amending the law with respect to any financial obligations undertaken or to be undertaken by the Federal Government; or

(c) for declaring any expenditure to be expenditure charged on the revenues of the Federation, or for increasing the amount of any such expenditure.

The Legislature will not be entitled to pass a Bill, which if enacted and brought into operation involves expenditure from the revenues of the Federation, unless the Governor General has recommended the consideration of the Bill. Over and above all this, Section 12 (1) (b) imposes a Special Responsibility on the Governor General to safeguard the financial stability and credit of the Federal Government and in the discharge of this responsibility the Governor General will be entitled to decide in his individual judgment as to the action to be taken. He will be in a position, under this section to arrogate to himself full dictatorial powers over Federal Finances.

The powers of the Federal Legislature are specially circumscribed by statutory enactments in respect of legislation concerning trade and industry. Chapter III of part V of the Act will make it impossible for the Federal Legislature to grant any special concessions to Indian trade and industry, if similar concessions are not granted at the same time to British trading and industrial interests in India. Thus, it will not be open to the Federal Legislature to pass any measure which—

(a) imposes any restriction on British subjects domiciled in the United Kingdom in regard to their right of entry into British India or travel, residence, the acquisition, holding or disposal of property, the holding of public office or the carrying on of any occupation, trade, business or profession;

(b) discriminates against any British subject domiciled in the United Kingdom or any Company incorporated in the United Kingdom in respect of taxation in India;

(c) discriminates against ships registered in the United Kingdom, their crew, passengers, cargo etc.,

(d) discriminates against Companies incorporated under the laws of United Kingdom and carrying on business in India, in respect of any grant, bounty or subsidy payable out of the revenues of the Federation.

Due provision has been made to keep the Banking system and the Railways of India, the two most important fields of investment for British capital, virtually outside the control of the Federal Legislature. The Governor General will, in his own discretion, appoint and remove from office the Governor and the Deputy Governors of the Reserve Bank. He will also be entitled to take any action whatever for the supersession of the Central Board, and the liquidation of the Bank. The Railways will be under the immediate control of a special body called the Federal Railway Authority, which will be the executive authority of the Federation in respect of the regulation and the construction, maintenance and operation of railways. No less than three-sevenths of the members of the Authority, will be appointed by the Governor General in his discretion. The Governor General will also, in his discretion, nominate the President, make rules regarding the transaction of business between the Federal Government and the Authority, and issue to the Authority such directions as he may deem necessary regarding any matter which appears to him to involve any of his special responsibilities. It will be obligatory on the Authority to give effect to any direction issued by the Governor General, and the powers vested in the Governor General in respect of his Special Responsibilities shall apply as regards all matters entrusted to the Railway Authority.

All these provisions are, obviously, meant to keep intact the present stranglehold of British finance capital over India. Their real significance can be appreciated only in the light of the magnitude of British vested interests in India. The total British capital investments in India amount to over Rs. 1300 crores. The number of British Companies doing business in India were 911 in 1931-32, with a paid up capital of £756 million or Rs. 1008 crores. It is estimated that over Rs. 160 crores are transferred annually from India to Great Britain as interest on British capital investments and profits of

British Companies. The oceanic trade of India is carried on principally by British vessels; Indian ships carry hardly 2 per cent of the trade. It is noteworthy that British capital not only dominates the economic resources of India, but openly discriminates against Indian business interests, and manipulates the fiscal policy of the Government of India in a manner as to keep the country economically backward and undeveloped.

It would, thus, be obvious that the Federal Legislature will be a powerless body dominated in almost every aspect of its activity by the special powers of the Governor General. Not only will it be ultra vires for it to touch the basic political relationship between India and Great Britain, but the previous sanction of the Governor General will be required for introducing almost every measure of importance. Defence and External Affairs will be outside its control; it will have no power to grant preferential treatment to Indian trade and industry as against British vested interests in the country; the Banking system and the Railways will be virtually independent of its authority: it will have no say whatever in the determination of over 80 per cent of the annual Federal expenditure, and above all no measure passed by it will become law without the assent of the Governor General.

Never has a Federal Constitution possessed a Legislature so shackled and ineffective.

Legislative Procedure.

A Bill may originate in either Chamber of the Federal Legislature, but no Bill will be deemed to have been passed by the Legislature unless it has been agreed to by both the Chambers.

If the two Chambers disagree on any Bill, the Governor General may summon a joint sitting of the Chambers for the purpose of deliberating and voting on the Bill. If at a joint sitting, the Bill is passed

by a majority of the total number of members of both Chambers present and voting, it will be deemed to have been passed by both Chambers.

When a Bill has been passed by the Chambers, it shall be presented to the Governor General, who shall, in his discretion, grant or refuse his assent to the Bill, or withhold his assent, or reserve the Bill for the signification of the King. The Governor General may, in his discretion, return the Bill to the Chambers for reconsideration, specifying if necessary, the desirability of introducing such amendments as he may recommend.

A Bill reserved for the signification of the King will not become law unless the Governor General makes it publicly known, within twelve months from the day on which it was presented to him, that the King has given his assent to it.

Any Act assented to by the Governor General may be disallowed by the King within twelve months from the day of the Governor General's assent.

The Governor General, will in his discretion after consultation with the President or the Speaker, make for each Chamber rules regulating the procedure and conduct of business in relation to all those matters, which involve the exercise of his discretion or individual judgment. He will also make rules for securing the timely completion of financial business, for prohibiting the discussion of, or the asking of questions on, any matter connected with any Indian State, other than a matter with respect to which the Federal Legislature has the power to make laws for that State, and for prohibiting discussion of any matter which concerns the following subjects:—

(a) relations between the King or the Governor General and any foreign State or Prince;

(b) administration of Excluded or Tribal areas;

(c) any action taken by the Governor General in his discretion in relation to the affairs of a Province;

(d) personal conduct of the Ruler of any Indian

State, or of a member of the ruling family thereof;

The Governor General will also make rules as to the procedure with respect to joint sitting of and communications between the two Chambers.

No discussion will be allowed in the Federal Legislature with respect to the conduct of any judge of the Federal Court or High Court in the discharge of his duties.

The Governor General will be entitled in his discretion to stop all proceedings concerning a Bill or any amendment thereof, if he certifies that the discussion of the Bill or the amendment would affect the discharge of his special responsibility for the prevention of any grave menace to the peace or tranquillity of India.

All proceedings in the Federal Legislature shall be conducted in the English language.

The procedure in respect of financial matters will be as follows:—

An annual financial statement showing the estimated receipts and expenditure of the Federation for the year will be laid before both Chambers. The estimate of expenditure will show separately, the expenditure "charged upon the revenues of the Federation," and the expenditure "proposed to be made from the revenues of the Federation." The former category of expenditure will not be submitted to the vote of the Legislature though discussion on it will be allowed; the latter category will be submitted in the form of grants to the Federal Assembly, and then to the Council of State. Each Chamber will have the power to accept or reject any demand. If the Federal Assembly refuses to assent to any demand, that demand shall not be submitted to the Council of State, unless the Governor General so directs. If the two Chambers differ with respect to any demand the Governor General shall summon a joint sitting of the Chambers for the purpose of deliberating and voting on the demand, and the decision of the majority of the members of both Chambers present will be deemed to be the

decision of the two Chambers. No demand for a grant shall be considered valid unless made on the recommendation of the Governor General. When all the demands have been voted upon, whether singly by each Chamber or jointly by both Chambers, the Governor General shall authenticate by his signature a Schedule of Authorised Expenditure, and in this Schedule he will be entitled to restore any grant rejected by the Chambers. The Schedule will be laid before both Chambers but will neither be discussed nor voted upon by them.

The above provisions will show that every important aspect of the legislative procedure will be determined directly by the Governor General in his own discretion. This will reduce the independence and effectiveness of the Legislature still further, and will reinforce its subservience to the Executive.

Responsibility of Ministers to the Federal Legislature.

The direct responsibility of the ministers to the Federal Legislature is nowhere expressly embodied in the Act. In fact, strictly according to the letter of the Act, even an indirect responsibility seems to be rather illusive.

The Federal Legislature will have no choice in the appointment or dismissal of the ministers; the Governor General acting in his own discretion, will select the ministers, assign them their portfolios, regulate their relations with their departments, and whenever necessary dismiss them. The Legislature will have no means by which it can show its disapproval of the choice of the Governor General, except by a vote of no confidence in the ministry, though there is nothing in the Act which obliges the ministry to resign if a no-confidence motion is passed against it. The Governor General may disregard such a motion and retain the ministry in office. The Governor General is, no doubt, instructed in his Instrument of Instruction to appoint as First Minister a person who is

supported by a majority in the Legislature, but the appointment is to be in any case a matter for the sole discretion of the Governor General. Besides, the Governor General is instructed to include the representatives of the Federated States and important minorities in the ministries, and these representatives need not necessarily belong to the majority party. In case they do not, then the ministry as a whole will not have the confidence of the majority.

The only section of the Act, which in some way connects the ministry with the Federal Legislature is Section 10 (2) which says, "a minister who for any period of six consecutive months is not a member of either Chamber of the Federal Legislature shall at the expiration of that period cease to be a minister". This is merely a general safeguard against outsiders, who command no support in the legislature, being kept as ministers for long periods of time; it does not in any way imply ministerial responsibility to the Legislature. The right of the Legislature under Section 10 (3) to vote the salaries of ministers, which could have served as a useful weapon to enforce responsibility upon ministers, is rendered meaningless by the provisions that the salaries will be voted by a solemn Act of the Legislature, and will not be subject to an annual vote; nor will the salaries be varied during the term of office of the ministers. In the annual budget these salaries will be included in the "expenditure charged on the revenues of the Federation," i.e., non-votable expenditure.

Obviously, under these conditions the Legislature will not be in a position to exercise any effective control over the Federal ministry, which will be formed, controlled and dismissed by the Governor General acting entirely in his own discretion.

The Federal Executive.

The Federal Executive will formally be of a dyarchical nature. Four departments, namely, Defence,

External Affairs, Ecclesiastical Affairs and Excluded Areas will be controlled and administered by the Governor General entirely in his own discretion; the rest of the departments will be entrusted to a Council of Federal Ministers. The Governor General may, under Section 11 (2), appoint Counsellors, not exceeding three in number, for assisting and advising him in matters concerning the four departments directly placed in his charge. These Counsellors need not be members of the Federal Legislature; and will not owe any responsibility to the Legislature. In addition to them, there will be a Commander-in-Chief appointed by Warrant under the Royal Sign Manual to help the Governor General in the management of the department of Defence. The Commander-in-Chief will not be a member of the Governor General's Council as he was under the Act of 1919, but the Instrument of Instruction advises the Governor General to obtain his views in any matter which affects the discharge of his duties and to transmit his opinion to the Secretary of State whenever he so requests. The number of ministers constituting the Council of Ministers will not exceed ten. A minister will have to be a member of either Chamber; if he is not a member at the time of his appointment he will have to get elected within six months of his appointment, otherwise he will have to resign. The appointment and dismissal of ministers will be a matter for the sole discretion of the Governor General. The Ministers and the Governor General's Counsellors will not deliberate and work together in a common cabinet; the former will constitute a separate Council of Ministers presided over by the Governor General, while the latter will form the Governor General's Council.

The distinction between the departments directly placed in the charge of the Governor General and those entrusted to the Ministers does not imply that the Governor General will have no say in the administration of the latter. On the contrary, the Governor General as the

head of the Federal Executive will be entitled to exercise unlimited powers of superintendence and control in the case of every department of the Federal Government. Therefore, though formally the Federal Executive will be composed of the Governor General and the Council of Minister, in reality, the latter will be merely an ornamental appendage to the head of the Executive, devoid of any real authority.

This will be seen on an examination of the multifarious and unlimited executive powers of the Governor General. There will be certain powers and function exercisable by the Governor General in relation to the departments placed directly in his charge; there will be several other powers and functions relating to the rest of the administration, which he will exercise in his discretion, and yet others which he will exercise in his individual judgment. Then, he will enjoy, in his capacity as the head of the Executive, certain extraordinary powers in respect of legislation, superintendence over Provincial Governments and the affairs of Indian States. In addition to all this, he will exercise in his capacity as the representative of the Crown in India certain powers, functions and prerogatives which belong to the latter, particularly with regard to question affecting Paramountcy, relations with Indian States etc.

The powers of the Governor General in respect of the Reserved Department will be absolute. He need not consult the Ministers or the Legislature on questions affecting these departments, and the Counsellors appointed by him will be mere advisors. Section 11 of the Act lays down that "the functions of the Governor General with respect to defence and ecclesiastical affairs and with respect to external affairs, except the relations between the Federation and any part of his Majesty's dominions, shall be exercised by him in his discretion, and his functions in or in relations to the tribal areas shall be similarly exercised."

Aside from the complete exclusion of the above noted

departments from ministerial control, the Governor General will be entitled to act in his discretion in respect of a large variety of executive functions. There are no less than 94 sections of the Act conferring discretionary powers on the Governor General. The following are some of the important matters in respect of which the Governor General will be entitled to act in his discretion:—

1. Disallowance or assent to Bills, withholding of assent or reserving Bills for the King's consideration. (Section 32)

2. Returning of Bills to the Legislature for reconsideration. (Section 32).

3. Prohibition of discussion or further proceedings on any Bill or Amendment on the ground that it affects the Governor General's Special Responsibility for the maintenance of peace and tranquillity in the country. (Section 40).

4. Giving previous sanction for the introduction of certain Bills. (Section 108).

5. Making of Ordinances. (Section 43).

6. Enactment of Governor General Acts. (Section 44).

7. Suspension of the Constitution. (Section 45)

8. Summoning of the Federal Legislature, its proroguing and dissolution. (Section 19)

9. Summoning of Joint meetings of the two Chambers. (Section 31).

10. Appointment or dismissal of Ministers and the Financial Advisor to the Governor General. (Section 10 and 15).

11. Decision as to whether any expenditure is votable or non-votable by the Legislature. (Section 33)

12. Making of rules of procedure for the Legislature as regards question which involve Governor General's discretionary powers, or which affect the timely completion of financial business, or which involve the discussion of affairs in the Indian States or in a Foreign

State, or the personal conduct of an Indian or Foreign Ruler or any member of a Ruling Family. (Section 38)

13. Granting or withholding assent to Provincial Bills reserved for the Governor General's assent. (Section 76)

14. Issuing instructions to Provincial Governors for promulgation of Ordinances and concurring in the Enactment of Governor's Acts and Emergency Proclamations by Governors in the Provinces suspending the Constitution. (Sections 88, 89, 90).

15. Instructing Governors to discharge certain functions as Governor General's agents. (Section 123)

16. Making rules for the Police regarding crimes of violence calculated to overthrow the Government. (Section 98).

17. The use of armed forces in connection with the function of the Crown in relation to Indian States. (Section 286).

The above are only a few of the large number of discretionary powers vested in the Governor General. What is noteworthy is the fact that the Governor General acting in his own discretion will decide whether any matter comes within the purview of his discretionary authority or not. Section 9 (3) provides that "the validity of anything done by the Governor shall not be called in question on the ground that he ought or ought not to have acted in his discretion or ought or ought not to have exercised his individual judgment."

The Act, further, confers on the Governor General a number of powers which he will exercise in his individual judgment. The distinction between these two sets of powers is not clearly defined in the Act, but it it can be inferred from Section 9 that the Governor General need not at all consult the ministers in respect of those powers which he will exercise in his discretion, while in respect of those which he will exercise in his individual judgment he may consult the ministers, though he will not in any case be bound to accept the latter's

opinion. No less than 32 sections of the Act provide for powers to be exercised by the Governor General in his individual judgment. The most important of these relate to the Special Responsibilities of the Governor General, which, as defined in Section 12 are as follows:—

1. The prevention of any grave menace to the peace or tranquillity of India or any part thereof;

2. the safeguarding of the financial stability and credit of the Federal Government.

3. the safeguarding of the legitimate interests of minorities.

4. the securing to, and to the dependants of persons who are or have been members of the public services of any rights provided or preserved for them by or under this Act and the safeguarding of their legitimate interests;

5. the securing in the sphere of executive action of the enforcement of provisions embodied in chapter III of Part V of the Act, relating to discrimination against persons of British nationality or British industrial and trading interests in India.

6. the prevention of any discrimination against goods imported from the United Kingdom or Burma into India.

7. the protection of the rights of any Indian State and the rights and dignity of the Rulers.

8. the securing of due facilities for the discharge of all those functions in respect of which Governor-General is entitled to act in his discretion or to exercise his individual judgment.

We have already noted how extensive and complete the authority of the Governor General will be over the Legislature. We have observed, for example, that the Governor General alone will have the right to summon, prorogue or dismiss the Legislature, to make rules of procedure for regulating almost every important business in either Chamber, to forbid the asking of questions and discussion on certain subjects, to accord previous sanction to the introduction of certain types of

Bills, to send messages to the Legislature and order joint sittings of the two Chambers, to assent to or to withhold assent from the Bills passed by the Legislature, to recommend financial grants and authenticate authorised expenditure, and above all to suspend the Constitution.

In addition to all this, the Governor General will have, under Sections 42-44, certain direct legislative powers; that is, the power to pass Ordinances and the so-called Governor-General's Acts. The laws thus passed, though formally considered extraordinary, will have the same validity as any ordinary law made by the Legislature. Section 42 says, "If at any time when the Federal Legislature is not in Session the Governor General is satisfied that circumstances exist which render it necessary for him to take immediate action, he may promulgate such ordinances as the circumstances appear to him to require." These ordinances shall be laid before the Federal Legislature and shall cease to operate at the expiration of six weeks from the re-assembly of the Legislature, or if before the expiration of that period resolutions disapproving the ordinances are passed by both the Chambers. This latter provision has, however, no significance because the disapproval of the Legislature would not, in any case, apply retrospectively. Section 43 goes still further and empowers the Governor General to promulgate ordinance, even while the Legislature is in Session, in respect of those functions which involve the exercise of his discretion or individual judgment. Such ordinances will not be submitted to the Legislature, and will continue in operation for a period not exceeding six months at a time, though the Governor General will be entitled to renew them for a further period of six months.

Far more important is the power vested in the Governor General to make permanent laws, independently of the Legislature. Section 44 provides that if at any time it appears to the Governor General that for

the due discharge of his functions involving the exercise of his discretion or individual judgment, it is necessary to make provision by legislation, he may forthwith enact a "Governor Generals Act" without consulting the Legislature, or send a message to the Legislature with a draft of the Bill which he considers necessary. If the latter course is adopted, then the Governor General may at any time after the expiration of one month enact the Bill proposed by him to the Chambers as a Governor General's Act. A Governor General's Act will have the same effect and force as an ordinary Act of the Federal Legislature, and in every matter concerning the enactment of such an Act, the Governor General will act in his discretion.

This is however not all. The Governor General will be entitled to suspend the entire Constitutional machinery and to arrogate to himself every power exercisable by the Federal Legislature or any other Federal body or authority. Section 45 of the Act says, "If at any time the Governor General is satisfied that a situation has arisen in which the Government of the Federation cannot be carried on in accordance with the provisions of this Act, he may by Proclamation;

(a) declare that his function shall to such extent as may be specified in the Proclamation be exercised by him in his discretion;
(b) assume to himself, all or any of the powers vested in or exercisable by any Federal body or authority."

The dominance of the Governor General over the entire Federation is illustrated further by his innumerable powers of superintendence and control over the Provincial Governments and the Federated States. In fact, Section 12 would justify any interference of the Governor General in Provincial matters on the ground of one or another of his Special Responsibilities. Besides, the Governor General will have the right to issue orders

to Provincial Governors for carrying out Federal Laws, to assent to or withhold assent from Provincial Bills reserved for his consideration, to issue Instructions to the Governors and to grant them permission for promulgating Governor's ordinances and the enacting of Governor's Acts, (Sections 88, 89 and 90), to sanction or disallow any rules made by the Governors for the administration of Excluded Areas, (92), to sanction the suspension of the Constitution by a Governor in his Province, to permit the Federal Legislature to make any law for the Provinces in a State of national emergency, (102), to direct the Governors to discharge certain functions as his agents in respect of matters concerning Defence, Ecclesiastical Affairs, External Affairs or Tribal areas, to determine as to how and by what stated periods the Provinces will receive their share of income tax (138), and to decide disputes between the Federal and Provincial Governments regarding the conditions under which the latter will borrow or guarantee loans (163). Incidentally, it may be observed that these provisions amply demonstrate the hollowness of the claim that the new Constitution confers Autonomy on the Provinces.

The Executive authority of the Governor General over the Federated States will also cover an extensive field. If it appears to the Governor General that any Ruler of a Federated State has in any way failed to fulfil his obligations to the Federal Government, he will be entitled, under Section 128, to issue, in his own discretion, such directions to the Ruler as he thinks fit, provided that if any question arises as to whether the executive authority of the Federation is exercisable in a State with regard to any matter or the extent to which it is exercisable, the question may, at the instance of the Ruler or the Federation, be referred to the Federal Court for determination. Besides, most of the Special Responsibilities of the Governor General will be as much applicable to the Federated States as to the Provinces, and in the discharge of functions connected with these Respon-

sibilities, the Governor General will be entitled to interfere as freely in the affairs of the States as in those of Provinces.

This bare enumeration of the Governor General's powers needs no commentary. It will be seen that there is hardly any aspect of government over which the Governor General will not wield complete dictatorial authority. Not only will the Federal Legislature be an ineffective and powerless body enchained by the innumerable discretionary powers vested in the Governor General, but the executive machinery of the Federation will also be under the complete and unquestioned sway of the Governor General. The Federal Government will thus be in reality a one man's rule, unsurpassed in many respects by oriental despotisms or modern dictatorships.

The Federal Judiciary.

The new Constitution provides for the establishment of a Federal Court consisting of a Chief Justice and six puisne judges to be appointed by the King by Warrant under the Royal Sign Manual. The number of puisne judges may be increased if the Federal Legislature makes a demand to that effect in an address presented to the Governor General for submission to the King. Every judge of the Federal Court will hold office during good behaviour until the age of 65, and unless he resigns, he will not be removed from office except by the King by Warrant under the Royal Sign Manual. The salaries and allowances of these judges will be fixed by the King in Council, and will not be varied to their advantage after their appointment.

The primary function of the Federal Court will be to settle litigation relating to Constitutional questions, and to advise the Governor General, if he so desires, on any point of law of public importance. The Court will also hear appeals relating to civil cases of a certain type.

The jurisdiction of the Court will be both Original and Appellate. On the Original side it will confine itself to disputes between the members of the Federation, i.e., the Provinces and the Federated States, in so far as these disputes involve "any question (whether of law or fact) on which the existence or extent of a legal right depends." Its judgment in such cases will be a declaratory judgment, interpreting the Constitution, and merely stating the existence or extent of a legal right. On the Appellate side, the Federal Court will entertain appeals from any judgment or decree of a High Court in British India, if the High Court certifies that the case involves a substantial question of law relating to the interpretation of the Government of India Act or an Order in Council made thereunder.

The Federal Legislature will have the power to enlarge the Appellate jurisdiction of the Federal Court, and to extend it to judgments or decrees of High Courts concerning civil cases, which involve a sum of not less than Rs. 50,000 or such other sums, not less than Rs. 15000, as may be prescribed by the Legislature, or the property of like value. No other civil appeal will be entertained unless the Federal Court gives special leave to appeal.

The Federal Court will also admit appeals from a High Court in a Federated State, on the ground that a question of law, involving the interpretation of the Constitution, or an Order in Council or the extent of authority vested in the Federation by virtue of the Instrument of Accession of that State, has been wrongly decided.

Appeals from the Federal Court to the Privy Council will be permitted in all those cases which involve constitutional points, or other cases in which special permission to appeal is granted by the Federal Court or the Privy Council. The Federal Court will have the power to make rules, with the approval of the Governor General in his discretion, for regulating generally the practice and

procedure of the Court. It will also be entitled to pass orders for securing the attendance of any person, the production of any document or the investigation or punishment of any contempt of Court, and all civil and judicial authorities, throughout the Federation, will be bound to act in its aid.

Two important points deserve attention here. In the first place, it may be noted that in the name of the independence of Judiciary, the Federal Court has been kept completely outside the control, direct or indirect, of any Federal authority in India, and has, on the other hand, been made subordinate, through the British King, to a foreign imperialist bureaucracy, particularly the Secretary of State for India. The appointment and dismissal of the Federal judges, their pay and allowances and other conditions of service, will be determined by the King, that is, in actual practice by the Secretary of State. It is, no doubt, desirable that the Judiciary should not be subservient to the Legislature or the Executive and should enjoy a good deal of independence, but it is equally important that a constitution which in any way claims to be democratic should make adequate provision for securing some degree of popular control over the Judiciary. Such popular control is secured in the British Constitution by the convention that the judges though formally nominated by the King, are in practice appointed by the Ministry of the day, and can be removed from office on an address from both Houses of Legislature to the King. In the Indian Federal Constitution, however, this aspect of government as most of the other aspects, has been deliberately kept outside the sphere of popular influence, so that the mainsprings of imperialist authority in the country may not, in the slightest degree, be touched by the democratic will of the Indian people.

Secondly, it may be observed that the Federal Court will not be the supreme judicial authority in the country, like the Supreme Court of the United States. Section

208 of the Act, by allowing appeals from the Federal Court to the Privy Council, will make the latter the final exponent of constitutional law, and for the matter of that, even of the ordinary law. This will not only mean a further strengthening of the pro-imperialist bias in the interpretation of the Constitution but will also perpetuate the present lack of uniformity in the common law of India.

Civil Services.

The Federal Constitution has made adequate provision for keeping all the upper rungs of Civil Services in India safe from democratic influences and from any direct or indirect control of the Legislature. The political domination of India rests very largely on the steel-frame of imperialist bureaucracy; hence the preservation of this bureaucracy is a matter of vital importance for British imperialism. The Act of 1935 not only retains the direct control of the Secretary of State over the Imperial Services, and endows these Services with innumerable privileges, but makes the Governor General responsible in his discretion for the services relating to several important departments, and above all makes the safe-guarding of the rights and interests of public servants one of the Special Responsibilities of the Governor General.

Under Section 244 of the Act, appointments to the Indian Civil Service, the Indian Medical Service (Civil) and the Indian Police Service will be made by the Secretary of State, who will also be entitled to make appointments to any service which he may consider it necessary to establish for the due discharge of those functions of the Governor General which he will exercise in his discretion. The respective strength of these Services, the rules specifying their character and emoluments will be determined by the Secretary of State, and all orders relating to the promotion, suspension or leave of the per-

sons appointed to these Services will be made by the Governor General in his individual judgment, if the person concerned is serving under the Federation, and by the Governor exercising his individual judgment, if he is serving in a Province. Furthermore, according to Section 248, no order which punishes or formally censures any civil servant appointed by the Secretary of State, or which affects adversely his pay or pension, shall be made by anyone except the Governor General in the Federation and the Governors in a Province. In any case, all members of the Imperial Services and those others appointed by the Secretary of State will have the right to appeal to the Secretary of State against any order passed by any authority in India, which punishes or censures or adversely affects their conditions of service. If in the judgment of the Secretary any person appointed by him deserves compensation on the ground that his conditions of service have been adversely affected, he will be entitled to order that the amount to be paid as compensation be charged to the public revenues of India.

It is obvious that under these provisions neither the Federal or Provincial Legislatures, nor the Federal or Provincial Ministries will be in a position to make the slightest change in the inordinately privileged position held by the Imperial Services.

In the case of the Defence Services, the Commander-in-Chief will be appointed directly by the King in Council, who, under Section 233, will be entitled to require that such appointments connected with defence as he may specify, shall be made by him or in such manner as he may direct. The King in Council may authorise any person on his behalf to grant commissions in any naval, military or air force raised in India. The Secretary of State will frame the rules, regulations and orders affecting the condition of Defence Services in India. The pay, allowances, pensions etc. of the defence forces will be charged to the revenues of the Federation and

will not be subject to a vote of the Legislature.

The Staff of the other Reserved departments, namely External Affairs, Ecclesiastical Affairs and Excluded Areas will be appointed and controlled by the Governor General in his discretion. Not only will the Governor General nominate his three Counsellors and the Financial Advisor, but will also appoint Trade Commissioners and higher officials for Legations and Consulates, High Commissioner for India, Agent to the Federal Government in South Africa, Auditor of Indian Home Accounts in Great Britain, Governor and Deputy Governor of the Reserve Bank, and a number of officials connected with the Reserved Departments.

It is noteworthy that the Act of 1935 includes several specific provisions for the protection of the position and privileges of civil servants in India. Thus, for example, according to Section 258 no civil post, which immediately before the inauguration of the new Constitution belonged to a Central or Provincial Service shall be abolished after the inauguration of the Constitution, if the abolition adversely affects the person holding the the post, except by the Governor General exercising his individual judgment in the case of service under the Federation, and by the Governor exercising his individual judgment in the cases of services connected with a province. The same provision applies to any change in the pay, allowances and pensions of officials belonging to the Central or Provincial Services before the commencement of the Constitution. Section 259 provides that the salary and allowances of any person who was appointed before April 1924 to a Superior Service, other than the Services controlled by the Secretary of State, shall after the introduction of the new Constitution be charged on the revenues of the Federation or the Provinces, as the case may be, or in other words, shall not be subject to any revision by the Legislatures. Further, according to Section 260 any pension payable to a person who having been a servant of the Crown in India, retired

before the commencement of the Constitution, shall also be charged to the Federal or Provincial revenues, as the case may be. Then, there are certain provisions relating to indemnity for past acts of public servants, protection of public servants against prosecution and suits, payment of certain pensions and exemption of those pensions from taxation in India, payment of certain family pensions etc. According to Section 270, no civil or criminal proceedings shall be instituted against any servant of the Crown in India after the inauguration of the new Constitution for any act done by him in the execution of his duty before the inauguration of the Constitution, except by the Governor General in his discretion in the case of Federal Services, and by the Governor in his discretion in the case of Services connected with a Province. Any proceedings of this nature, whether instituted before or after the commencement of the new Constitutional scheme, shall be dismissed unless the Court is satisfied that the acts complained of were not done in good faith and, in the event of dismissal, the cost incurred by the defendant shall be charged on the revenues of the Federation or the Province, as the case may be. Section 271 provides that no Bill or amendment to abolish or restrict the protection afforded to certain servants of the Crown in India by Section 197 of the Indian Code of Criminal Procedure, or by Sections 80 to 82 of the Indian Code of Civil Procedure, shall be introduced or moved in either Chamber of the Federal Legislature without the previous sanction of the Governor General in his discretion, or in a Chamber of a Provincial Legislature without the previous sanction of the Governor in his discretion. Furthermore, the powers conferred on the government by Section 197 of the Indian Code of Criminal Procedure in respect of the prosecution of a public servant shall be exercised only by the Governor General and the Governors in their individual judgment. According to Section 272, the pensions payable to a person who before the inauguration

of the new Constitution was serving under the Governor General in Council, or who after the inauguration is employed as an officer in His Majesty's force, or is appointed to a civil service in India by the King or the Secretary of State, or holds a reserved post, shall be exempted from all taxation in India, if the person concerned is residing permanently outside India. Over and above all these safeguards, there will be the Special Responsibility of the Governor General and the Governors for "the securing to, and to the dependents of persons who are or have been members of the public services of any rights provided or preserved for them by or under this Act and the safeguarding of their legitimate interests." In the discharge of this, as of all other Special Responsibilities the Governor General and the Governors will be entitled to act entirely in their own discretion, regardless of the opinion and policy of the Legislature or the Ministries.

Needless to add that this protection is almost entirely meant for, and is in most cases specifically confined to, the upper strata of the imperialist bureaucracy in India, which is not only one of the most expensive and top-heavy bureaucracies of the world, but is also far less amenable to popular opinion than the officialdom of any other country.

Federal Finance.

One of the major tests of the usefulness of a Constitution to the people is the extent to which it transfers financial powers to the peoples representatives, and provides financial resources for the development of beneficent or nation-building services. We have already observed that in the Federal Government over 80 per cent of the budget will be non-votable and completely outside the control of the Legislature, and that even in respect of the remaining 20 per cent the Governor General will have the unquestioned right of over-

riding any decision of the Legislature. We may now try to examine briefly if the scheme of Federal finance as enunciated in the Act provides any scope for the development of those services which can promote the material and cultural welfare of the Indian people.

It may be observed that almost all the nation-building departments, such as Education, Public Health, Medical, Agriculture, Industries, have been entrusted to the Provinces. Therefore, the problem reduces itself to this: how far has the Federal Constitution provided adequate revenues for the Provinces and what new sources of income has it assigned to them.

Under the Reforms of 1919, the needs of the Central Government were considered supreme, and nearly 60 per cent of the total revenues of the country were monopolised by the Centre. Not only this, but most of the elastic and expanding sources of revenue, such as Customs, Income-Tax, etc., were assigned to the Central Government, while the Provinces were given such resources as were stagnant or contracting. The result was that the beneficent services were treated to starvation rations.

The Federal Constitution does not materially change this position. The new division of resources between the Centre and the Provinces again overwhelmingly favours the former, both in respect of the total share and the elasticity of revenues. The only change favourable to the Provinces is to be found in the terms of Section 138 relating to the division of Income-Tax between the Federation and the Provinces after a certain period, and in Section 142 which provides for certain subsidies to be paid by the Federal Government to certain deficit Provinces. The recommendations of Sir Otto Niemeyer, however, make it clear that even under these sections no substantial relief can be expected by the Provinces at least for several years to come. The grants in aid to be given by the Federation to certain deficit Provinces such as Sind, Assam, Orissa, and the United Provinces will

meet only ordinary deficits, and will not provide any new resources for material development. The 50 per cent share of the Income Tax proceeds to be received by the Provinces, under Section 138, would roughly amount to only about rupees 8 crores and even this sum, according to the recommendations of Sir Otto Niemeyer, will not be received in toto by the Province until about 10 years have elapsed from the introduction of the Federation. The 62½ per cent of the jute duty to be received by Provincial Governments, as recommended by Sir Otto Niemeyer, would represent a small amount as the total yield of the duty is only about Rs. 3 crores.

The provisions of Section 137 may enable the Provinces to improve their financial position to some extent, as the Section provides that succession duties to property other than agricultural land, Stamp duties mentioned in the Federal Legislative List, terminal taxes on goods or passengers carried by railway or air, and taxes on railway fares and freight, will be levied and collected by the Federation, but the proceeds will be distributed among the Provinces and the Federated States, if any, within which these taxes are levied. The usefulness of these provisions from the point of view of Provincial Governments is, however, considerably reduced by the fact that the rates of the duties will be determined by the Federal Government, and that the latter will be entitled to increase any of the duties or taxes by surcharge for Federal purposes and the whole proceeds of any surcharge will form a part of the revenues of the Federation. Obviously, under these conditions, the prospects of securing any substantial income from these sources for the provinces are rather remote, since the Federal Government with its inflexible and over-inflated expenditure will try, through surcharges, to squeeze the utmost out of them for itself.

Section 140 holds out a vague hope of the distribution, at some future date, of the income from Salt Duty, Federal Excise and Export Duties among the

Provinces, if the Federal Legislature so provides by an Act. Needless to point out that in view of the present financial position of the Central Government and the new burdens that will be thrown on it with the inauguration of the Federal Constitution there is hardly any likelihood of the Federal Legislature passing such a measure for a long time to come.

What is important to remember is the fact that the magnitude and rigidity of the Federal expenditure as provided for in the Act will not leave any scope for the transfer of an appreciable proportion of Federal revenues to the Province, under any one of the above noted sections, particularly as over 80 per cent of the Federal budget will be beyond the control of the Federal Legislature. In fact on the other hand, there is every reason to believe that with the growing danger of a world war, the expenditure on Defence will increase in the near future. No serious reduction in the Debt charges, which will constitute another very big item of the Federal expenditure would be possible, because the insistent financial demands of the Provinces on the Centre will not enable the latter to make adequate provision for the reduction of the existing Debt. Besides, other non-votable items of the Federal expenditure particularly those relating to the salaries and allowances of the Governor General, Ministers, Counsellors, Financial Advisor, Federal Court judges and other higher Federal officials, and the grants in connection with the administration of the Reserved Departments and the discharge of the Governor General's special responsibilities will be practically fixed. In fact taking the Federal budget as a whole there will be hardly any scope for a reduction in four-fifths of the recurring expenditure.

Under these conditions the nation-building services will remain as of old stunted and undeveloped, and the illiteracy, disease and poverty of the people will continue to be as rampant as they have ever been under the British rule.

CONCLUSION

The Indian National Congress has categorically denounced the proposed Federal Structure, and has repeatedly affirmed that no Constitution, which is framed by an alien government in support and furtherance of its rule of the sword, can ever be acceptable to the Indian people. A constitution of slavery and bondage, seeking relentlessly to reinforce the entire system of imperialist exploitation must be resisted to the bitter end.

British Imperialism in its last throes is attempting, through a new constitutional machinery, to cement all its reactionary alliances, to forge stronger instruments for repression and to tighten its girdle for a fresh and more powerful offensive against the freedom movement of the country. The Indian people who have been struggling for decades, in the face of untold misery and oppression, for securing their inalienable right to breathe freely in their own motherland, to enjoy the fruits of their own toil, and to have full opportunities of growth and self realisation, can meet this imperialist challenge only by strengthening the various organs of their struggle, by uniting all the different sectors of the anti-imperialist movement under a common programme of national emancipation, and by creating sanctions for setting in motion an ever growing section of the masses against imperialism and its allies.

The Indian National Congress has declared unequivocally that a Constituent Assembly, elected on adult franchise, can alone have the right to give India a Constitution. The demand for a Constituent Assembly must become the rallying centre of all the anti-imperialist forces in the country. It must not, however, be forgotten that a Constituent Assembly will come into existence only after a relentless struggle against British Imperialism, and as a result of the overwhelming strength and will to power of the Indian people. It will embody the deter-

mination of the hungry and oppressed millions of India to wipe out every trace of foreign domination, and to establish in the country a free and democratic system of government.

The freedom movement, led by the Indian National Congress, is essentially a struggle for democracy. But a formal political democracy of the Western European type, which places on a par, the freedom of vested interests to exploit the propertyless, and the freedom of the propertyless to starve, cannot solve any of the innumerable problems facing India. In fact, today in a world torn by inequalities of wealth, overridden and cramped by acquisitive conflicts, the nineteenth century content and meaning of democracy needs fundamental revision. In a backward country like India, particularly, where the massive poverty of the great majority of the people, has for decades choked national growth, democracy, if it is to serve as a liberating and progressive force, must imply complete economic security for all those who toil. It must create that totality of circumstances in which every individual can find full scope and opportunity for self realisation and for contributing his best to society; it must so organise the production and distribution of wealth as to make the good life a reality for those millions of sons and daughters of India, whose existence is today a long drawn process of woe, coarsened and brutalised by unending drudgery.

India needs a broad based and multiform democracy; a democracy which not only provides for the universal participation of the people in the work of government, but which also secures in every other aspect of national life, economic, cultural and social, the preponderance of popular will. The Constitution of a free India, whatever its formal structure, must draw its sanctions from the basic needs and desires of the masses; it must so link up the highest with the lowest organs of the State as to create a vital and organic relation between State activity and the people's will; it must so reconstruct the

national economy as to guarantee at least the elementary material requirements of civilised life to every citizen, it must create the conditions necessary for the growth of a real people's culture.

But, it is only when the unconquerable might of India has shattered the chains of slavery and unleashed to the full the creative energies of the masses, that there will arise on the ruins of an imperialist Federation, the glorious structure of a free and democratic republic of the Indian people.

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Indians in Foreign Lands

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FOREWORD

Slavery invariably induces an unhealthy egoistic concentration upon oneself. This concentration is further enhanced by the helplessness of the slave. It is therefore no wonder that India forgets many of the ordinary obligations that free and normally functioning nations recognise and discharge. Every nation is mindful of its nationals abroad. Their political and economic rights as of those who live within the geographical borders of the homeland are the concern of patriotic effort. Any insult or indignity to nationals abroad is resented and retribution and retaliation soon follows.

India has her nationals scattered abroad in distant lands but she manages to forget them in her more pressing preoccupations. As long as foreign domination lasts, this concentration upon the all engrossing political problem within India can not be avoided. But even then we can not afford to neglect our obligations to Indians overseas. Their theoretical claim to our help has always been recognised by the Congress in many of its resolutions. In South Africa Gandhiji however compelled attention. The nation responded with advice and monetary and moral support. Ever since we have been taking little more lively interest in the concern of our people settled abroad. But the knowledge of an average political worker about this great problem is insufficient and inadequate. He has a vague idea that his people lives in foreign lands subject to many and various social, economic and political handicaps. He roughly knows that they are insulted and humiliated by the white settlers, who have made themselves the masters everywhere. Even the politically awakened Indian

has little knowledge of the magnitude of the problem. He does not know that for every hundred Indians who live in India, one lives outside India. He is not acquainted with the facts that in some of the islands and settlements his people not only outnumber the whites but also the native populations. He does not exactly know how these big colonies of Indians maintain themselves economically. He has a faint idea that most of them went as indentured labourers and are perhaps free labourers today. That they have secured some place in agriculture, trade, industry and administration, he does not know. He is unaware of the powerful cultural bonds that unite them to their native land, saving them "from the strangle grip of Christianity and consequently from the nameless merging into a dull hybrid cultureless existence." The average Indian has no knowledge of the new dangers that the Indians overseas are confronted with by the new imperial economic policies. He does not know of their linguistic communal and provincial differences and their native individualistic tendencies that keep them apart from each other and make concerted action and opposition difficult.

All this knowledge about the Indians overseas, their hopes and fears, their needs and aspirations, their difficulties and opportunities have been described very ably in a small compass by Dr. Rammanohar Lohia of our Foreign Department. He has marshalled signi ficant facts and telling figures to document his brochure. Dr. Lohia has utilized his opportunities fruitfully. He has sought out contacts and sedulously encouraged and cultivated them. The little book will therefore be helpful not only to us here but also to the different groups of overseas Indians 3 millions strong spread over "a belt which runs around the Equator from the north Atlantic over the Indian Ocean to the South Pacific."

I am entirely at one with Doctor Lohia in his conclusions. If Indians overseas are to live a healthy and

prosperous life as good citizens in the lands of their adoption, they must shed off their communal, provincial and linguistic differences that they have carried from the Homeland. They must provide universal education for the children of their community for which they have ample opportunities. Above all they must feel their unity, solidarity and identity of interests with the natives of the soil, the Negro, the other Asiatics living alongside with them and such white-settlers who themselves are the underdogs of capitalist and imperial exploitation. India can help them by supplying the right type of teachers and its moral and material help in their struggle against inequity and injustice. The initiative at effort and reform must however be with them. As in other spheres so here India can do her full even as she frees herself from Imperial Domination and attains Purna Swaraj. But even as we get fresh accession of strength by our political struggle here, we get power and authority to help our countrymen abroad. If we had not used the weapon of boycott effectively in the Civil Disobedience movements, we could not have made our boycott of Zanzibar cloves as telling as we have done. With added strength come added opportunities and these well utilized further add to our strength. The day is not far distant when the imperialist will know that he insults our nationals abroad only at his risk and peril.

I congratulate Dr. Rammanohar Lohia on what he has kept before his countrymen here and abroad. I have no doubt that the pamphlet will be found widely instructive and useful.

J. B. KRIPALANI

INTRODUCTION

Though spread all over the world, the essential concentration of Indian populations overseas has been effected on a belt which runs around the Equator from the North Atlantic over the Indian Ocean to the South Pacific. British Guiana in South America and the neighbouring island of Trinidad contain Indian communities which are nearly one-half of their entire population. The entire South and East of Africa are dotted over by considerable Indian populations. In the three islands of the Indian Ocean, Zanzibar, Mauritius and Ceylon, Indians constitute anywhere between one-tenth and three-fourths of their respective populations. Situate between the Bay of Bengal and the China Sea, they account for nearly one-seventh of the population of Malaya. Beyond Australia, in the Fiji Islands, they are nearly as many as the Fijians themselves. The Equatorial life-line of the British Empire is effectively intersected with vast Indian cocentrations.

Army-chiefs and administrators built up Britain's colonial empire and capitalists owned it and worked it. Labour and tradesmen were equally necessary for the economic opening out of this Empire. India supplied these, while Britain produced the Empire's capitalists and administrators. In its essentials, the present position of Indians in the British colonies is a continuation of what it has been ever since the first migrations started nearly a hundred years ago. The insult of the indenture system is of course gone as also the feudal serfdom which it entailed. The Indian is no longer tied to his employer in a system of vicious contracts extending over many years. The indentured labourer has also in a number of cases transformed him-

self into the small peasant. However, the Indian continues to be the labourer, small peasant and petty trader of Britain's colonial empire. In recent years, he has also risen into the free professions and stray individuals have also come into the ownership of large plantations and factories. Essentially, however, the strength as also the weakness of the Indian position in the British colonies depends upon the labourer, small peasant, petty trader and the free professions. As the difficulties of the Empire and consciousness among the masses are growing, the vast Indian concentrations in the British colonies are rapidly acquiring economic and political importance.

Elsewhere in the Empire and in other foreign countries, Indians number many and have risen into fairly important positions. There is a string of Indian traders which starts from Tokio and Hongkong and extends over Iraq and Gibralter into Panama. There are always a large number of Indian students in the more important world-cities. Some Indians have held and still hold important professorial, consular, army and international missions of free foreign countries. Such Indians are however political exiles from home and, though they have brought honour to their country's name, their position is no index to the general political and economic conditions of Overseas Indians.

Overseas Indians have always suffered from a variety of disabilities and have been very much a tragic community. They went out from their country as serfs, labourers and tradesmen, and India, subject herself to foreign domination, was unable to be of any political or economic assistance to them. They are now faced with a danger which almost threatens to wipe them out. This is the danger of the attempt of British Imperialism to achieve structural changes in its colonial economy. The pre-War structure of a multitude of petty tradesmen and small peasants is utterly inadequate to the needs of post-War imperialism that has no further colonial

territories to open out. Imperialism must therefore rationalise itself and wipe out the petty tradesmen and peasants. Indians are the direct victims of this new imperialist attack. Elsewhere too, the general increase of nationalist feeling and the inability of India to be of any assistance have caused a certain deterioration of the Indian position.

Any effective resistance to the new imperialist policies will depend on how far Indians overseas are able to grapple with and overcome their own weaknesses. Their individualistic past and sectional divisions on the basis of their home language and province are their first bane. Uprooted from the communal life of home, Overseas Indians have tended to be narrowly individualistic by virtue of their calling of petty trades and small farms. In addition, the different Indian languages, predominantly Hindustani, Tamil and Gujerati, that are spoken among them have created barriers without any inter-communication or mutual understanding. These divisions have sometimes degenerated into shabby squabbles. The Hindustani, Tamilian and Gujerati have kept aloof from one another. Increasing enlightenment and the general imperialist attack have created an atmosphere in which these age-old divisions have little chance of survival. It should be a first task of Overseas Indians to consolidate and make intensive use of this atmosphere.

There is something tenacious in Indian culture and, despite the distance of thousands of miles, this culture has stuck to our overseas compatriots. Inevitably, the dominant trend of this culture has been religious. This explains the comparatively small number of Overseas Indians who have changed their religion and embraced Christianity instead. To the extent that the religious quality of Indian culture has saved our overseas communities from the strangle-grip of Christianity and, consequently, from the nameless merging into a dull, hybrid and cultureless existence, it has been useful. It

has however had serious drawbacks. The dividing line between religion and orthodoxy is not always clear and Overseas Indians have lately fallen under a more serious spell of orthodoxy. Hindu and Mohammedan preachers alike, who know little and care to know less about the world in which they live, have in recent years migrated in large numbers to the colonies of Indian concentration. They have not only confirmed their flock in their faiths but have encouraged them to look upon religion as the supreme principle of life. This religion is often a superstition. From so far off a land like Trinidad, distanced from us by nearly ten thousand miles, the Congress Foreign Department has received a striking illustration of superstitious religion. The Trinidad Hindus seem to have been carrying on an endless controversy as to whether marriages could be performed after dusk according to Vedic rites and they have requested our co-operation in the solution of this controversy. Such superstitious orthodoxy among Hindus and Mohammedans alike tends to undermine the Indian position in foreign lands and keeps them in a state of ineffective ignorance. Religion becomes their staple mental food. They have little attention and energy for the more engrossing problems of life and culture. Overseas Indians must effect a fundamental change in their mental outlook and shift the emphasis of their thought from religious superstition to more vital cultural problems. It is true that a very large number of Indians in different lands have already liberated themselves from superstitious beliefs and, in consequence, the task of liberating entire Indian communities overseas should not be difficult.

Overseas Indians have a great possibility of achieving universal literacy and education. Still, their attainments in this field thus far are not very praiseworthy. To an extent the discriminating policies of the various Governments who do not regard the education of Indian children as one of their charges is responsible for this state of

affairs. Whatever the attitude of the various Governments, Overseas Indians must and can help themselves to a large extent in the matter of widespread and universal education. They can teach Hindustani, the universal language of India, in their schools and ought to be able to impart to their students a working knowledge of the African and other languages that are spoken in their midst.

There is among Overseas Indians a wide lag between the educated classes and the masses. They know little mutual contact. The free professions and the rich maintain a social existence of their own and seldom concern themselves with the problems of the small planter and the labourer. If the free professions and labourers alike are to stay in the hard struggle of the overseas colonies, they have to destroy the barriers that have separated them in the past. Such attempts are already afoot in various colonies and they have to be further intensified.

This takes us to the problem of organisation among Overseas Indians. Due to individualism and divisions of language, education and religious orthodoxy they have been a sadly disorganised community in the past. An effective break with this past has already been made. The new economic policies of British Imperialism in the colonies will further create the pre-conditions of effective organisation among Overseas Indians. In their turn they must forge ahead with the destruction of various evils from which they have suffered in the past and create solid and well-knit communities. They already possess several newspapers and have formed themselves into associations. These newspapers should give vigorous expression of Indian opinion on several problems as they arise from time to time and become focal centres of organising their readers into compact bodies. There should be one central organisation in each colony to which all Indians should belong.

The problem of organisation is however not solely

racial. Overseas Indians are but one community among many other communities with whom they live in the closest proximity. Together with the dominant imperialist races, particularly the British, African, Asiatic and other oppressed races live in the colonies. Indians cannot therefore live an isolated racial existence. They have to combine with the other races to advance culture and prosperity in their own colonies and further the fight for freedom and democracy throughout the world. Such a united front of races must be given an organisational shape. There is for instance the Trade Union of the working class which is easily a united front of all labourers to whatever race they might belong with a view to greater justice and freedom. In like manner, associations of small peasants and small traders irrespective of racial origins may become the united front of all such as wish to resist imperialist exploitation.

The Englishman is everywhere supreme. According to the British High Commissioner in Malaya, the Englishman owns each colony in equal rights with "natives of the soil". In reality, it is the imperialist who is the sole master. Overseas Indians are often counselled to patience and co-operation with the imperialist master. At a farewell dinner to the Indian Agent in South Africa in January 1938, a member of the South African Cabinet advised South African Indians to co-operate with the European. He was concerned to find that of late there had been some attempts in South Africa to form a non-European united front in which Indians were taking a leading part. This may be a matter of concern to the South African European; it is happy news for all such as desire international brotherhood based on equality of races. In so far as a united front of Indian and other oppressed races, eminently the African, is designed to combat European supremacy and resist imperialist exploitation, it is both necessary and desirable. Neither Indians nor Africans can singly resist their conditions of political and economic inferiority and of cultural

backwardness. They must make common cause with each other. Such a united front however is not necessarily a purely racial combination. Europeans, who are themselves exploited or who cannot tolerate the denial of humanity that is a daily practice in the colonies, are welcome to a united front of all races to end slavery. Its new economic policies are a further consolidation of colonial imperialism. The railway may be an improvement upon the boat and the mechanised large plantations upon the backward small plots. But, so long as the motive force of all such improvement is the consolidation of imperialist profits and control, it will inevitably lead to further misery and backwardness. To resist this further deterioration, Overseas Indians should devote themselves especially to achieving a united front of all oppressed races and the exploited masses.

India has often concerned herself with the problems of her overseas children. Mahatama Gandhi started his first Civil Disobedience Movement in South Africa. Ever since, the Indian National Congress has time and again taken up a resolute stand in regard to the political and economic disabilities of Overseas Indians. Aside from general publicity, she has also tried to defend their position through resort to direct action, as, in the instance of boycott of Zanzibar cloves. India can further cement her bonds with her overseas communities. Exchange visits of cultural contacts may be arranged as also teachers may go out from India to spread education amongst the children of Overseas Indians.

Overseas Indians can also make India better known to the world, alike in the colonies as also in free countries. They can act as the unofficial embassies of the Indian National Congress. Throughout the world they can help in creating a front of freedom and democracy. Already in the cities of the United States, in London, in China and Japan and in other world cities, there are considerable numbers of Indians who are helping to

bring India into closer contacts with the progressive world. Such work should be intensified.

Indians are not, as is usually supposed, a stay-at-home and tied-to-the-soil people. For every hundred that stay in the motherland, one Indian seeks his living overseas. These 3 million of our stock, who are spread all over the world, are our special concern and our link with the world. We must share their sufferings and joys in common. And while we do so, we may not forget that, through concentration of population and trade, they are the predominant community in several British colonies. With each advance in their unity and organisation, a blow is struck for Indian freedom and against imperialism.

GENERAL

Out of nearly 30 lakhs of our countrymen living abroad, Ceylon, Malaya, South Africa, Mauritius, Trinidad and Fiji account for nearly 80%. The position of Indians in these countries leaves very much to be desired and appears, in certain cases, to be deteriorating.

The 85,000 Indians in Fiji who account for only a little less than half of the entire population of the island are worried mainly over questions of land tenure, domicile, education and franchise. Twenty thousand of these are of school-going age but only 5,000 are actually in school. They have been deprived of their municipal franchise and, with the recent introduction of the principle of nomination to the legislature, they fear that the possibility of any future improvement is very seriously jeopardised. Even such Indians as are domiciled and permanently settled in Fiji must, it appears, secure a landing permit from the Secretary for Indian affairs on their return from India. The Secretary for Indian affairs is a salaried official of the Fiji Government and seems, together with the Governor of the island, to regard with fear the fact that Indians might profit by the recent

discoveries of gold in that island.

Indians do not own land in Fiji. They are tenants either of Fijian owners or of the Colonial Sugar Refining Company. Under a Crown proclamation, all land should belong to the Fijians. Exception has, nevertheless, been made in favour of the Colonial Sugar Refining Company to whom extensive freeholds have been granted. Indians can lease land either of the Fijian owners on a twenty-one year contract or of the Company on a ten year contract. It is clear that such tenancies are always very insecure and generally reduce the tenant to a position of intolerable poverty and indebtedness. Moreover, most leases acquired by Indians date from the period 1917-1920, when the indenture was abolished. In the next few years, these leases will expire and Fijian Indians will be faced with a serious crisis. It is suggested that there is so much unoccupied land in the island that the needs of both Indian Fijians and Fijians can be met.

Ceylon accounts for over 8 lakhs of Indians. In recent years, there has developed an agitation demanding their repatriation and the restriction of immigration. In fact, a resolution on these lines was tabled in the State Council. As Ceylon wants preferential treatment to her export trade of copra with India, this agitation has not gained ground.

18,000 Indians reside in the island of Jamaica. The legality of marriages according to Indian rules is not admitted. This disability appears to be a minor one, unless it is viewed in the proper context of domicile and rights of island-born citizenship.

Indians in New Zealand are deprived of old age pension and workmen's compensation. Workmen's compensation is granted only to nationals of countries with reciprocity.

Indians are spread all over the world and enjoy a very important position, numerically and sometimes economically, in some of the nerve-centres of the

British Empire. Their political position, however, is a source of constant anxiety to them and their economic interests are threatened by European encroachment. They are above all anxious to maintain their ties with India.

ZANZIBAR

The Indian has become the convenient scapegoat of the British in Africa. If the African and Arab planter or trader suffers dwindling of his profits due to causes of world depression or imperialist acquisition, it is ultimately the Indian who is held responsible. Lest the Africans and Arabs should know the real makers of their misfortune, investigating Commissions do their little bit towards strengthening British rule by equating the Indian with all the evil deeds of trade-profiteering and money-lending and blood-sucking. In Zanzibar and in various South African legislatures, laws are being enacted whose basis is the assumed guilt of the Indian for the country's poverty.

While these laws thus serve the purpose of retarding Africa's political education and distracting her from the anti-imperialist movement to petty inter-communal and anti-Indian rivalries, they are also designed to enrich further the British imperialist. In this manner, through the anti-Indian laws, the colonial office of the British Government serves the threefold purpose of perpetuating the political rule of the British over the colonies, of enriching the British monopolist at the expense of the Indian small trader and of running colonial administrations with the Indian's property.

The Clove Decree of the Zanzibar Government is just such a law. Under this law, the purchase of cloves from growers in distant areas becomes a monopoly of the Clove Growers Association. Despite its name, the Association is not formed of the growers of clove but consists of an advisory body of six or more persons

appointed by the Government. The Indian trader will have been completely ousted. He is today the seller-supplier of manufactures and other commodities to the African and Arab growers and buyer-collector of cloves from them. He is also an exporter and creditor.

Together with the land alienation and debt decrees, the clove monopoly is justified on the ground that the Arabs and Africans are being crushed under heavy debts, that their lands have passed under Indian control and that the Indian traders' speculation causes great instability of prices. As an answer to these charges, it has been shown that agricultural indebtedness in Zanzibar does not exceed 20% of the assets and that even to this day Indians do not own more than between 12½% and 17¼% of the total number of clove trees of the land. The Zanzibar clove trees are estimated between thirty and forty lakhs. As for the charge of speculation, it is pointed out that the years when the price of clove reached a low level and later rose were also those of great fall of agricultural prices all over the world and of their later recovery.

It is true that the clove growers need assistance of various description. They need to be given proper credit facilities and improved seeds and should be told about the exact requirements of overseas markets. Free storage is desirable. But for all this a monopoly of the clove trade is not at all needed or desirable.

The Indian speculator is likely to have augmented certain unwelcome tendencies of the clove market but the harm that the monopoly will do is very much in excess and is already showing itself. A representation of the Indian Association of Zanzibar reads:

"The evil effects of monopoly and the resultant harm to the growers are by now quite patent in the case of clove-stems. Since the 1st of January 1936, export of stems from Zanzibar has been prohibited in favour of the Zanzibar distillery and the growers have been obliged to sell them locally to the Clove Growers

Association or the distillery at about Re. 1 to 1½ per frasila of 35 lbs. This Association is in a position to say that there is a definite demand of stems at Rs. 3 to 3½ per frasila in foreign markets if it were allowed to be exported."

The Zanzibar distillery was a British concern and is now reported to have been taken over by the Zanzibar Government. In any case, no further evidence of how these laws are designed to enrich either the British monopolist or the colonial government at the expense of African and Arab farmer and Indian trader will be found necessary.

The existence of 15,000 Indians who form nearly 6% of the population of Zanzibar is in danger. The Arabs, Swahilies and other African tribes do not stand to gain by these laws. In the course of a letter the Indian National Association of Zanzibar writes: "The Indian community, far from being a burden, have been of great help to Arabs and Africans and have stood through thick and thin with them." It is to be hoped that the anti-imperialist tie among these will not be allowed to loosen whatever the cost.

* * * *

The Zanzibar Clove Bill came into operation on 1st August, 1937. As a measure of retaliation, Indian dealers and exporters of clove decided in a conference held on 10th July to resort to passive resistance. No Indian is to apply for buying licenses as an agent of the Clove Growers Association. No Indian is to engage in the export trade. No Indian is to serve on the advisory board of the Clove Growers Association. It is not difficult to see that this virtually means a hunger-strike of the 15,000 Indians now residing in Zanzibar. They are looking at India with expectation and hope in their eyes. They want the Indian people and merchants to declare a voluntary boycott on Zanzibar cloves. India imports 40% of the entire Zanzibar export of cloves

and there is ground that such a step will bring reason to the Zanzibar Government. The Government of India should now impose an embargo; that is an insistent demand. In their determination to resist the Clove Act, the Zanzibar Indians have appealed to the Provincial Governments and Municipalities to assist in the embargo on cloves. What the Clove Law will mean to Indian traders is apparent from the latest activities of the Clove Growers Association. This monopolist association is carrying out auction sales of plantation crops under its own authority and arranging to purchase India's gunny bags through European firms in Zanzibar.

* * * *

While the British Resident in Zanzibar was declaring that the clove monopoly was the arch of the whole settlement, he was also recommending to the Zanzibar council to approve expenditure of over Rs. 30,000 as Zanzibar's contribution to Government of Kenya for coastal defence. Kenya, Uganda and Zanzibar are henceforth to maintain in common a Royal Naval Volunteer Reserve Unit and a Coastal Defence Unit at Mombasa. Zanzibar is to contribute 14% towards the total capital and recurrent expenditure to be incurred for the general East African Defence Scheme. The establishment of a naval unit to safeguard the East African coast for the British Empire and the deliberate ousting of Indians from the clove trade of Zanzibar appear to be parts of the same scheme.

* * * *

Information has reached from Zanzibar that the daily business loss of the Indian community there is anything between Rs. 10,000 and Rs. 15,000. The strike has now lasted for nearly four months and at the most moderate estimate the Indian community of Zanzibar has suffered a loss of Rs. 10 lakhs. The only hope of Indians in Zanzibar is the effectiveness of our

own boycott of Zanzibar cloves. We learn authoritatively that this boycott has already told upon the commercial life of Zanzibar. Some Arab and African cultivators of cloves are regarding the Indian strike with sympathy. Despite a bumper crop of cloves this year the Zanzibar clove monopoly is manoeuvring for a very small harvest. The motive obviously is that with little or no export of cloves to India a good crop might depress prices. This has naturally resulted in considerable resentment among the African and the Arab clove growers. If we can make our boycott of Zanzibar cloves still more effective there is no reason why the combined strength of the African and Arab clove growers and the Indian traders should not bend the Zanzibar Government to an early settlement with the Indians of Zanzibar.

The action of the Indian National Congress in organising a boycott of Zanzibar cloves has brought our countrymen overseas cheer and hope. It is perhaps for the first time that India has resorted to action in succour of her overseas children. This will give them faith and courage and hope. The Zanzibar Indians have numerous odds to contend against and an uphill fight. Despite their peaceful struggle, some racial antagonism has been aroused and the Zanzibar Government is accused of encouraging it. Although Zanzibar officers are instructed to "avoid any action likely to give rise to interracial friction" the Government admits, "when opinion is divided on racial lines it is impossible for Government to prevent statements being made, even by its own officers, which especially if misunderstood, misinterpreted, misquoted or misrepresented as is occasionally inevitable, may not give offence or arouse resentment between races."

TANGANYIKA AND MAURITIUS

Even while the brave resistance of Zanzibar Indians

against the British clove monopoly is still continuing, Tanganyika Indians are faced with a similar but more drastic measure. The Tanganyika Government has proposed "An Ordinance to make provision for the encouragement and control of Native Agriculture and Industry and the marketing of the products thereof." Any product of agriculture, horticulture or animal husbandry may be declared a regulated product and the Government will then set up a Native Produce Board to control its production and marketing. The Board may give directions as to the method of production, grading and packing and these shall be binding on all producers. The Board may also assume a sole monopoly of purchase. It is obvious that the scope of this proposed measure extends over the entire economic life of Tanganyika. Producers may be effectively controlled and traders completely wiped out of existence. There are over 20,000 Indians in Tanganyika and almost the entire trade of the country is in their hands. Among these are merchants, storekeepers, government servants, photographers, typists, electricians, metalworkers and a host of other professions. With the passage of this Ordinance, their existence will be endangered. Some will have to slave under the Board and yet others lose their living and their place taken up by British clerks. Indian opposition to this measure is very stiff and the Tanganyika African Welfare Association has also declared its opposition.

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Nearer home, in an island of the Indian Ocean, the Indians of Mauritius are in a frightful plight. Even though they form nearly seventy per cent of the entire population, over 2¾ lacs in a total of 4 lacs, Mauritian Indians are either labourers in the French-owned sugar factories or work on the sugar plantations. They are illiterate, ignorant and disunited. They have taken with them from here the barriers of language and province. A solitary Indian has come into the ownership

of three sugar factories and some are moderately rich planters but they do not seem to be very much concerned with the course of their collective destiny. And so the sugar factory owners are left in the enjoyment of their super profits without any resistance.

The worker in the Mauritian factories is ill-paid and overworked; his monthly wage fluctuates between Rs. 20 and Rs. 25. The small planter, who has no other market save that of the factory, is under the virtual serfdom of the Factory-owners Syndicate. Sometimes the millowners refuse to crush his cane and, when they do crush, they frequently exchange 1 ton of sugarcane for 60 to 70 kgs. of sugar, in other words, less than half of the sugar actually extracted. It is believed that there is a systematic drive to seize his lands for non-payment of even the smallest debts and so to form large-scale plantations. In both cases the sufferers are the Indians of Mauritius.

In August 1937, Mauritius saw the unique spectacle of workers' and peasants' strikes. The cry of "Jaya Bharata"—Victory to India—was often heard on their lips. The workers demand increase in wages, right to form trade unions and sanitary working conditions. The peasants demand legal machinery to enforce proper weighments of sugarcane, its compulsory crushing and a fixed rate of payment. These strikes are reported to have resulted in eight deaths and hundreds of arrests. It is unfortunate that some of these deaths should have taken place at the hands of the Indian factory owner, who seems to have been angered out of his wits at the spectacle of a strike.

The agitation carried on by the Mauritian Labour Party which admits Indians and Creoles alike to its membership has also revealed the intensely reactionary character of the Mauritian Constitution. Under the present laws less than 3% of the population is admitted to the franchise, which secures the return to the Council of millowning interests.

The Constitution of Mauritius, as behoves a British crown colony, is anti-democratic. The Governor, supported by a wholly nominated Executive Council, rules the Island. The Council of Government, the Island's legislature, consists of 27 members, of whom 17 constitute the nominated official and non-official bloc. The 10 popular members are elected on the basis of the narrow and undemocratic franchise of 9,459 for the whole Island. In addition, the Governor is empowered to enact legislation "considered by him to be essential in interest of good government."

While the Mauritian Constitution is thus an appendage to the authority of the Governor, the citizen's liberties are still more meagre. The Penal Code illegalises strikes and does not permit associations of more than 15 persons without the consent of the Government. Though a Trade Union Bill was published in the Government Gazette in 1926, it has not yet been discussed in the Council and Mauritian workers have no trade unions. As the crop season was nearing in July 1937 and unrest among small planters and labourers, which eventually led to strikes, was evident, the Government banned all political meetings. A direct result of the absence of the liberties of meeting and association is that, contrary to the communication of the British Government to the International Labour Organisation, the laws on night work, minimum wage and non-employment of children are not applied.

Mauritian Indians have to wage the twofold struggle for democracy and for economic betterment. In fact, the fight for more prosperous conditions and for increased share in the government of the colony are two facets of the same task. Indians, not only in Mauritius but in all British colonies, are faced with this task. In this connexion, a communication of the Creole President of the Mauritius Labour Party to the Congress Foreign Department deserves attention: "Most British colonies have a large Indian population forming the

labouring classes. It appertains to India who is represented at the International Labour Office of Geneva to take in hand the cause of all the colonies of whatever nationality and to suggest that they should be represented at Geneva. India is the only power represented at Geneva which can stand for the coloured races and see that those races receive their share of the social reforms which are being adopted elsewhere. It is India's duty to be the champion of the colonies where so many of her sons live and toil."

Information comes from Ceylon of the desire of the Ceylonese Government to oust Indian cultivators from their lands. In Kandapola, 37 Indian families have been cultivating vegetables for now over 36 years. They have cleared grassy lands, made them fertile and erected dwellings and cattlesheds. There is yet waste land and still the Sinhalese Minister of Agriculture will have the Indians ousted from their living. In like manner, the proposed Village Ordinance seeks to exclude the 700,000 Indian estate labourers from any share in the local self-government of the country.

So, in the east of the African Continent and in the two islands of the Indian Ocean, the economic and political position of Indians is simultaneously attacked. What does this indicate? Who is to blame? Is it that the Indian is in reality exploiting the African and the Sinhalese and the Mauritian or that he is a distasteful interference to the British in their own pleasant job? The maintenance of high colonial salaries and increased expenditure on defence and a few more jobs to the British middle class are a first charge on the British colonial office. Monopolies of native produce are formed and attack on Indian traders follows. Imperialism however does not rest there. It must poison the world with enmity and ill-will. It chokes and throttles the economic life of a colony and leaves no scope for expansion nor elbow-room. The stage is set for a Sinhalese Minister, for instance, to follow the line of

least resistance and launch a futile attack on fellow-sufferers. It is also likely that the British colonial office wishes to oust Indians from their present positions in the Empire lest they should become troublesome under Free India.

Kenya and British East Africa:—Kenya, Uganda and Tanganyika comprise a territory of round 17 lacs sq. kilometres and are, thus, over one-third the size of India. Both as source of raw materials and fields of capital investments, they can be made very productive for the Empire. Tanganyika is only nominally a mandated territory; for all practical purposes it is a part of British East Africa. A union of customs and posts and telegraphs has already been achieved. The postal stamps from any part of British East Africa flaunt a lion surrounded by the names of Kenya, Uganda and Tanganyika printed in English letters. Coins bear the effigies of the British King.

Aside from the obvious military strategic uses, this close political union of British East Africa is essentially a reflection of the Empire's economic aspirations. British East Africa must now change over from a field of extensive to intensive imperialist exploitation. This change-over has necessitated a common anti-Indian policy in economic organisation.

Kenya and Tanganyika have recently formulated a law for regulation of transport. Under this law, monopoly can be granted to such transport as merits the attention of a paid Board of the Government. Not only motor and bus but also boat transport may be entirely wiped out with an administrative order. This drastic law of the Kenya Government contravenes the report of its own expert appointed in 1936 to enquire into problems of transport. "From its nature there seems very little chance of the Kenya and Uganda railways capturing any large portion of the extensive traffic in local produce which is now being usefully carried by dhows (boats). The Licensing Commission would

not therefore find it necessary or desirable to introduce any restriction in the present number or operations of dhows." That the Government should have set aside this recommendation of its own expert and all other considerations of advantage to the African is clearly expressive of its inordinate desire to capitalise the country through railways and other business investments. Indians are the direct victims and Africans will suffer indirectly.

The Kenya Highlands controversy is now closed and extensive and fertile lands in the country will now be reserved for exclusively European use through an Order-in-Council. Thirty-five years ago, in 1902, the Kenya Government had assured the Indian community that they were "in error in supposing that the Government has any intention of drawing any distinction between Europeans and Indians so far as rights of mining, settling and acquiring lands are concerned." Assurances and promises however cannot hold water against inexorable economic necessities. The Empire today needs large plantations under exclusively European ownership so that its various demands of raw materials, profits on investments and military strategy may be satisfied. The chauvinist leader of the Kenya Defence Force to which no Indian is admitted has already ranted that Kenya Highlands are European and that no interference either by Kenya Indians or by the Government of India will be tolerated.

SOUTH AFRICA

The census figures for May 1936 put the total number of Indians in South Africa at 2,19,928. Nearly 80 per cent of these live in the province of Natal. The European settlers of Natal are certainly no votaries of the principle of racial harmony. As far back as 1894, they had proposed a law depriving Indians of the parliamentary franchise and, after a minor set-back they finally put through the Disfranchisement Act, 1898. In the

interval, Mr. Joseph Chamberlain, the then Colonial Secretary, had preached a sermon about "the tradition of the Empire which makes no distinction in favour of or against race or colour". Finally in 1925, Indians were further deprived of their municipal franchise. The stories of other public and social indignities, reserved tram-cars, derogatory epithets and of economic disabilities are only too well known.

The province of Transvaal has a still more revealing history. By the Law of 1885 Indians were debarred from ownership of land in proclaimed areas, which means, in good and fertile areas; the Gold Law of 1908 deprived them of the right of residence in these areas; by the Asiatic Amendment Act of 1919, they could start no new business and, finally, the Transvaal Asiatic Land Renure Act of 1932, the crowning piece of the edifice, has withheld from them both the right of residence and trade except in their own Bazars.

The Union Government is steadily pursuing a civilised labour policy which is also known as the White Labour Policy. Under the operation of this policy, Indians are systematically ousted from employment in the industries of South Africa. The total number of Asiatics employed in industry in the Union was 12,308 in 1917-18; it fell down to 10,215 in 1934-35. This shows that the White Labour Policy of the Government is responsible for driving out of employment nearly 20 per cent of the Asiatics, almost entirely Indians, formerly employed in industry. In the railways of the Union, the twelve years from July 1925 to July 1937 are responsible for the decline of Asiatic employees from 1936 to 506. The 17 years from 1920 to 1937 have brought an alarming decline in the number of Indians employed in the mining industry from 3139 to 790. As against 790 Indians employed in the mining industry today, 44,902 Europeans are employed. The staggering decline in the number of Indians employed in the industries of South Africa during the last two

decades is still more alarming, when we consider that during the same period the Indian population has increased by about 35 per cent.

The Wage Bill of the South African industry shows the enormous disparity between the earnings of the European as compared to those of the Asiatic and the African. Europeans form 44 per cent of the total number and earn £ 18,800,000, Africans form 42 per cent and earn £ 4,600,000 and Indians form 4 per cent and earn £ 557,000. The European thus earns three times as much as the Indian or four times as much as the African.

South Africa has a peculiar taste for anti-Indian laws. The South African Parliaments are always discussing one law or the other designed either to inflict further disabilities on Indians or to hurt their national pride. Two such recent projects related to the employment of European women or their marriage with Indians. "Gentlemen, you must realise that you Indians in South Africa will ever be a tragic community because of the temper and temperament of the people of South Africa. They have the temper and that temperament because we are determined to keep this a White Man's country," is the statement made by a South African Minister for Agriculture.

India had the pleasure to receive a South African Goodwill Delegation in the summer of 1936. Some members of the Delegation showed a fair amount of sympathy with Indian claims and one even went to the extent of associating himself with India's fight for Swaraja. Nevertheless, South Africa is run by such Whites as are incapable of broad visions. South Africa however has lately shown a nervous anxiety. She is afraid of Italian aggression and German plans. Till three years ago, the South African Defence Minister, who is also an aggressive anti-Indian, did not even listen to projects of joint Imperial defence and is only too eager to have it now. South Africans stand in need of goodwill and they may also be prepared to pay for it heavily.

It is also interesting to observe certain newer trends among the Indian colonists. The Colonial Born and Settlers Association of Transvaal founded in July 1933 appears to be aggressively dissatisfied with the South African Government's schemes of assisted repatriation of Indians back to India or any where else. And assisted repatriation seems to have been the basic item in the Cape Town Agreement, 1927. In rejecting the Cape Town Agreement, the Association also rejects the specious theory that Indians are foreigners in South Africa. Indians alike as any other race have a right to regard South Africa as their home and contribute to its prosperity. They might continue to retain their cultural bonds with India, but they are essentially South Africans. The Association's work for inter-racial co-operation and understanding in South Africa appears to be directed towards near relations between Negroes and Indians.

MALAYA

Indians in Malaya have received the Sastri Report with mixed feelings. They are unable to agree with some recommendations in the Report and feel that a few of their problems have not been touched at all. In regard to wages which were fixed at 45 cents (1 cent = 1 pice) for men and 36 cents for women, the Report has recommended to the Government of India to press for the introduction of the standard rates of 1928, namely, 50 cents per day for men and 40 cents for women. This recommendation falls short of the demand for "adequate wages" made by the Indian Associations of Malaya to the Indian Deputation. Recently, the Chinese labourers of the Ulu Langat district plantations had gone on strike and, in March 1937, their demands were partially accepted. The wage rates were decided upon at 75 cents for tappers and 55 cents for male and 50 cents for female unskilled labour. This incident, according to

our correspondent, shows "what the Chinese Estate Labourers have achieved without any delegation but by direct action." It is thought that, unless the wages of Indian Labour were standardised at a rate similar to the Chinese, they would remain inadequate and the Indian labourer would continue in his present state of poverty and degradation. The Report says that the working day is nominally 9 hours, which in practice is reduced to 8 hours, but it is felt that a straight and clear recommendation of an 8 hour working day was called for.

This takes us to the problem of assisted emigration. Even today, Indians form a little over 12% of the entire population of Malaya, over 5 lakhs out of 44 lakhs. During the two years 1931 and 1932, over a lakh of our countrymen immigrated back into India. Those were years of slump in the rubber industry and the planters were lying back upon the enormous profits they had gorged in the preceding years. Wages were reduced and men were thrown out of employment and they had no facilities for settling down in Malaya. On account of these reasons and the fact that Indians have no political status in Malaya, the Indian Associations of Malaya have ranged themselves against assisted emigration.

There are serious grievances in regard to travel and quarantine. As it is today, the Indian labourer is made to embark at Negapatam, where the sea is rough and dangerous, while Madras would be much more convenient. All third class passengers are subjected to quarantine in Penang, and some of these are sent back to India on the ground that they suffer or are suspected to suffer from dangerous diseases. It is argued that such a medical examination ought to take place in India and the unfits should not be made to suffer the inconvenience of a trying and futile travel.

The Sastri Report has expressed dissatisfaction at the educational facilities available to Indian labour

in Malaya. It is true that the Malayan Labour Code provides for a school in every such place of employment where the children between the ages of 7 and 14 are ten or more in number. But the real situation is entirely different. In spite of the fact that there is a very large element of Indian labour, mostly Tamilian, in Government departments and public bodies of Penang, Malaca and Singapore, there is not a single Government Tamil School in these places. If that is the control which the Malayan Labour Department exercises over Government bodies, the extent to which it enforces its regulations upon private employers can well be imagined.

Both in regard to public services and representation on public bodies, the status of Indians is of a decidedly inferior type. The Malayan Civil Service is now limited entirely to persons of British parentage and to Malayans. Till some time back, Indians were allowed to enter the Malayan Civil Service. In this connexion, there is an entertaining statement of the High Commissioner to the effect that he knew of no country in which those who were not "natives of the soil or Englishmen" were appointed to such posts. Likewise, the representation of Indians on the Legislative Council of the Colony and the various State Councils of the Federated and Unfederated Malay States is very meagre.

Finally, the Indian Associations of Malaya have made a suggestion for the establishment of an Indian Commercial Museum either at Kuala Lumpur or Singapore. Trade between India and Malaya could be made to grow. As it is today, the high freights charged by steamship lines and the absence of any systematic exploration of trade possibilities, the trade between the two countries is very much below what it could be.

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The beginning was modest. In 1819, the East India Company established a trading station at Singapur. Today, British Malaya comprises a territory of

51,000 sq. miles with a population of 4.4 million. This colony is easily one of the richest in British possession. Of the world's total shipments of rubber nearly half goes out from Malaya; so, in 1935, out of a total of 887,000 tons 424,000 tons were exported from Malaya. Of the world's total production of tin ore over 30% is derived from Malaya; so, in 1935; this colony produced 41,000 tons out of a world total of 137,000. But Malaya is a colony and, while labour on the plantations and elsewhere is Malayan, Chinese and Indian, its profiteer is the British imperialist.

President Nehru's fortnight tour in Malaya in May 1937, proved a shake-up to the security of British imperialism as also the torpor of colonial labour as never before. The President was called names by the British controlled Malayan press. He became an 'agitator' 'tactless and ill-mannered' and was sometimes reminded of the wide reach of the law. "Times of Malaya" read into the President's exhortation to Indians to gather strength for India's independence an incitement to violence and queried: "strong enough for what, Pandit Nehru?" Regarding the President's insistence on independence as the goal of India's endeavour, "Singapur Free Press" expressed "doubt as to whether his trip is likely to prove beneficial either to him or to the community in general" and ended up with the rather ominous prophecy "we may shortly be called upon to defend the Indians of Malaya against one who is in some quarters almost worshipped as the supreme leader of the Indian race."

The President had occasion to refer to the charge of misuse of hospitality. What the British imperialist in Malaya perhaps expected of him was "drawing room manners." As to the Malayan himself, the President made the clear statement that the interests of the people of Malaya should receive consideration before those of the Indian emigrants. The imperialist however is nowhere an outsider !

When tens of thousands sat listening with eager

and expectant faces, what else could the President talk about but of economic liberation and Indian freedom.

A European journalist describes President Nehru's reception by Malaya: "Solegie Road at Singapur was transformed into a river of Indian nationalism. The crowd was intoxicated with excitement, pent up, emotional nearly to the pitch of hysteria." The Malayan and the Chinese were greatly enthused and they saw in President Nehru the symbol of the unity of anti-imperialist peoples of the world.

Aside from rubber and tin, Malaya furnishes the British Empire with one of its strongest naval bases, Singapur. The screeching of the British press is easily understood.

BRITISH GUIANA

Placed on the north-eastern top of the South-American sub-continent, Indians in British Guiana are just a little less than half of the entire population of the country. In May 1938, they will celebrate the centenary of the first advent of Indians into British Guiana. During these last hundred years, some of our countrymen have risen into fairly high business and professional positions. Mostly, they are labourers on the British-owned sugar estates. Despite an equal franchise and absence of racial discrimination, the voice of Indians in the political management of the country is negligent. Lack of education and of cohesive unity fritters away their numerical strength. Centenary celebrations of the Indian colony in British Guiana have therefore a unique importance. The celebrations will of course be an expression of joy and delight to which our compatriots ten thousand miles away are entitled after a hundred years' labour. But they will also be a call to organisation and determined unity and a desire to share in the political management of the country. As a sign-

post of the advance they have made in the past and of the growth which will be theirs in the future, Indians of British Guiana have decided to erect a centenary memorial. They are already running a paper and have formed an Association and the centenary building will give them room for further development. To their centenary celebrations, the Indian Association of British Guiana has invited the Indian National Congress to send a delegate.

British Guiana is one of those few Colonies whose statutes are not disfigured by racial discrimination against Indians. The franchise is equal, and if Indians stand at a disadvantage, it is due to their illiteracy. Aside, however, from this drawback of illiteracy for which the Government and our nationals might be held to be equally responsible, the economic conditions and laws of employment in British Guiana are such that they favour the strong against the weak, the white employer against the Indian labourer. Of the 136,000 Indians, who form over 40% of the entire population of the colony, over 53,000 are employed as labourers on the sugar estates. These are weak and disorganised and live in perpetual fear of unemployment. Ever since the cessation of indenture in 1917, when the Immigration Department also closed down, there is no official agency which may supervise and regulate the relations between the employer and labourer. And the labourers are too backward to form trade unions of their own. In this connexion, the findings of the Labour Disputes Commission released in December 1936, will be found to be of interest. The Report records that "during our investigations, no resident estate labourers came forward voluntarily to give evidence. We believe the cause of this to be the fear of retaliatory action and possible eviction from house and subsistence plot, with but 3 days' notice, as provided under the Employers' and Servants' Ordinance, and the knowledge that no alternative means of earning a livelihood is readily available." It is as-

tounding how a Statute such as this which enables employers to dismiss labourers and evict them from their houses and plots of land at 3 days' notice is permitted to continue in modern times. The British Guiana East Indian Association has long been demanding the appointment of a Resident Agent General from India to the British Guiana Government. The Agent, they think, would mediate between the plantation-owners and Labour to the advantage of the latter.

IMPERIALIST NEW ECONOMIC POLICY

British imperialism in the colonies is tending towards a new economic policy. Through the unrest in Uganda and Tanganyika, the strikes of labourers and petty peasants in Mauritius and the refusal of dealers to handle Zanzibar cloves run the threads of the new economic policy.

Pre-war imperialism was content to acquire an increasing volume of profits through extension of its territorial scope. There were large areas, particularly in the East African colonies, which were not yet opened out to imperialist trade. Cotton, for instance, was unknown to Uganda till 1903 when the Government imported a ton and half of cotton seeds. Large parts of the colony were inaccessible. At the close of the world-war, Uganda was already exporting over 47000 bales of cotton of lbs. 400 each. This was possible through the territorial extension of imperialist trade. New commodities of cultivation were introduced; there was an increase in the production of commercial crops at the expense of food crops. African and Arab producers of raw materials in East Africa and Zanzibar and Indian petty peasants in Mauritius now began to produce for the world market. For maintaining and extending this relationship between the producer of raw materials and the world market, mediation of widely distributed

traders was as necessary as the development of communications.

India fulfilled the Empire's need in traders and middle-men as much as she satisfied its demand for indentured labour in virgin areas. Indians in large numbers migrated to British colonies in Africa and all over the world. When adequate indigenous labour was not forthcoming, they served on the Empire's plantations and in factories. In any case, they were the Empire's middle-men in the colonies. The Indian would put up oil-men's stores in distant villages, where he would, at the same time, collect raw materials and sell manufactured articles. One may today see entire British colonies dotted over by thousands of Indian petty traders who carry on a both-ways trade with Africans, Arabs, Guinese, Malayan, Fijian, Ceylonese and other races.

So long, the Empire has stood in need of these traders. They have organised the Empire's network of trade. With their low standard of living and corresponding margin of profits, they alone could have done it.

The Empire can now no longer afford this economic structure which was adequate enough when there were yet mysteries in the world. Extensive agriculture and middlemen's profits could be permitted while imperialist capital could yet derive increasing profits out of newer areas. What it has lost in its inability to extend its embrace, imperialist capital must make up by further squeezing what it has in its grasp. This squeezing takes the initial form of squeezing out the middle-men and thus of appropriation of his profits. It also takes the form of rationalised and more intense exploitation of labour in the factories and plantations and involves the squeezing out of the small peasant.

The small peasant may be squeezed out in either of two ways. He may be dispossessed of his small plot either through sale or for non-payment of taxes and debts. He will then be transformed into a wage-earner

and the various small plots of land amalgamated into big plantations as in British Guiana. He may also continue to remain in nominal ownership of the land, but come under the inescapable control of price-regulating and money-lending monopolist concerns. The United Africa company operating in British West Africa is one such concern and has the West African peasant under its clutches.

In Zanzibar, the small trader is being squeezed out and, thus, the livelihood of over 10,000 Indians is affected. The Zanzibar Clove Monopoly wishes to appropriate their profits and distribute them over imperialist capital in a number of ways. The Monopoly is designed firstly to increase government revenues which are now called upon to contribute towards a new East African naval unit and generally to staff high-paid British officers. It is secondly so designed as to manipulate prices in favour of distilleries and other imperialist concerns. Finally, the monopoly which is today only a buying and selling concern may easily lead to the concentration of the thousands of African and Arab clove growers into a few big plantations controlled by imperialist capital. Against this monopoly the Indians of Zanzibar are carrying out a peaceful boycott now for over four months. Where Zanzibar Indians have refused to deal as paid officers of the Monopoly, India refuses to import Zanzibar cloves. Bumper crops are standing unharvested. The Zanzibar Government has already lost nearly £30,000 in revenues.

In Tanganyika, the Government is proposing a measure similar to the Zanzibar monopoly but more drastic in its scope. Under the Tanganyika Native Produce Bill, state monopoly may be declared in any commodity. The reason is again the desire to squeeze out the middleman. Unrest is already evident.

A silent fight has waged in Uganda during the last ten years between the small trader in cotton and the big ginning combines. A handful of ginners wish to elimi-

nate the small trader and effect concentration through buying combines. High prices for ginning cotton are charged of the small trader and the government is also placing difficulties in the way of the interior trading posts. This assault on the small trader's position is likely to grow and it may easily lead to the intensive exploitation and concentration of Uganda cotton-growing.

Ever since August 1937, there is a serious labour and peasant unrest in the little island of Mauritius. The Mauritian sugar factories have their adequate share of the world trade in sugar and yet they pay only Rs. 20 or sh. 30 a month to their labour. They are also mulcting the small planter both in the way of improper weighments and of low prices. Minor defaults in the payment of rent and debts lead to the auctioning of the estates of the small planters and it is believed that there is a systematic drive to effect concentration of sugarcane growing in a few big plantations. Both as labourers and as small planters, the victims are Indians. It is only to be regretted that there are, alike in Mauritius and Uganda, a few Indian sugar factory-owners and ginners who are assisting in this new imperialist policy of sqeezing the small trader and the small peasant and the labourer.

This new economic policy of imperialism presents both racial and economic problems. In so far as the attack is at present directed almost entirely against the Indian communities in the British colonies, it is a racial problem. In so far as the motive of the attack is to rationalise and stabilise a crumbling imperialism, it is an economic problem.

Essentially, the Indian communities in the colonies must grasp the broad features of this world-wide imperialist and racial attack. They have to date known little organisation and their activities have been distinctly individualistic. Barriers of language and social status cause further dispersion. There is also the problem of a few very rich Indians in the colonies who cannot

dissociate themselves from imperialist policies. After an examination of all these factors, small peasants, small traders, free professions and labourers should all combine and act organisedly in defence of their racial and economic positions. The fight in Zanzibar has already started.

Secondly, the Indian communities must realize that the new imperialist policy is essentially an economic policy which involves other colonial peoples like Africans, Arabs, and Creoles. Only on the basis of a strong united front in action of all colonial peoples can imperialism be checkmated in rationalising itself. It appears that in Mauritius such a united front is slowly beginning to take shape and already a joint march of the Mauritian Indians and Creoles on the Island's capital has been carried out. Together with this united front of the colonial peoples, it is to be hoped that the labour movements of the imperialist countries will agitate against colonial oppression and the new imperialist drive.

Thirdly, India can effectively support this struggle of her overseas communities and other colonial peoples. Without her boycott of Zanzibar cloves, the Zanzibar strike would have been of little avail. She has to exercise similar vigilance in regard to unrest in other British colonies.

UNITED STATES CITIZENSHIP

There has been considerable agitation both in this country and in the United States with regard to the eligibility of Indians for naturalisation as United States citizens. The Indian National Congress has often shown anxious concern over this problem. In the United States, Senator Copeland introduced in 1926 a bill to grant citizenship rights to Indians and considerable agitation, though unsuccessful, followed.

Under the provisions of the Naturalisation Act "aliens being free white persons" and "aliens of African

nativity and persons of African descent" are admitted to citizenship. Through correspondence exchanged between the United States Department of Labour, Immigration and Naturalisation Service and the Foreign Department of the Indian National Congress on complaints that arise from time to time, a variety of interesting facts is disclosed.

Indians could only be admitted under the provision of "aliens being free white persons." In the course of a judgment, the Supreme Court of the United States concluded that an Indian is not a "free white person." Its arguments are fourfold. Firstly the framers of the original law did not have in mind the brown or yellow races of Asia. Secondly, the racial category of "free white persons" should be applied to a group of living persons "now possessing in common the requisite characteristics" and not to such as may be "descended from some remote common ancestor." Thirdly, the Indian type, even if originally Aryan, has been "so changed by intermixture of blood as to justify an intermediate classification." Fourthly, the children of Indian parentage do not merge into the mass of American population and lose their distinctive hallmarks as those of English, French and other parentage do. The Supreme Court has added that it does not intend to suggest the slightest question of racial superiority or inferiority.

It is obvious that there are two strands of reasoning in this judgment. One is based on popular prejudices of colour and features. The other rests on the supposed necessity of the State of a uniform population. On the basis of these two prejudices, one popular and another scientific, over 15000 Indians in the United States are relegated to a secondary status.

In the interests of closer cooperation among the different peoples of the world for peace and progress, it is necessary that such laws are either revoked or their application modified. The Supreme Court was of the

opinion that all Asiatics are generally excluded from citizenship but has prudently added that the final determination could only come upon the consideration of particular cases as they arise from time to time. In this consideration of particular cases, two things are of deciding importance. Indian opinion must be so vigilant as to react unfavourably upon any attempt to reduce Indians to a secondary status in foreign countries. American opinion must be sufficiently progressive so as to appreciate the need for closer collaboration of the human races.

INDIAN CREW IN CHINA AND JAPAN

Indian crew of ships going to China and Japan are poorly and shabbily attired. Some shipping companies, it is reported, provide uniforms and clothings to poorly paid crew, but no Indian crew is supplied with such things. If the respective companies employing Indian crew are asked by the Government to see to it that they are properly dressed when the ships are in foreign ports and that they are supplied with a couple of suits at the expense of the companies, the present state of affairs would end.

INDIAN POLITICAL CONFERENCE IN LONDON

An Indian Political Conference was held in London in the month of July, 1936. Representatives of Indian and British organisations and individual delegates discussed the situation in India and the ways and means of furthering the campaign for India's independence in Britain.

The Conference adopted in all eight resolutions of which the "Political Resolution" is concerned directly with our movement for complete national independence. This resolution which is again split up into several parts

lays down that the agrarian problem is the fundamental problem of India today, that, as a result of merciless exploitation for 175 years under British rule, the poverty of the Indian peasant has reached its lowest level, his average income being 2d. per day per head, and that the kisan has not only to meet the extortionate demands of the British Raj but also the exorbitant rents and interests of the landlords and the money-lenders. A solution of this problem by reform or parliamentary legislation is impossible; it can be achieved only by the initiative of the oppressed and exploited masses themselves. The Conference, therefore, rejected the New Constitution which it styled an ingenious fraud designed to continue the reign of terror. To achieve success against this offensive of Imperialism, the Indian National Congress must mobilise the widest strata of the population into a decisive struggle against Imperialism and, accordingly, grant affiliation to Workers' and Peasants' Organisations. Such a Popular Front should have for its minimum the demands (1) Release of all political prisoners (2) Repeal of all repressive laws and restoration of civil liberties (3) Freedom of speech, press, association (4) Substantial reduction of land revenue, moratorium on peasants' debts and security of land tenure (5) Fixed minimum wage, 8-hour day and social insurance. The Conference re-affirmed the demand for complete independence of India outside the British Commonwealth of Nations and the immediate withdrawal of all armed forces from India. It called for a complementing of the slogan of rejection of the New Constitution by the positive slogan of the Constituent Assembly.

In another part of the resolution, namely, India and the Fight against War and Fascism, the Conference urged all workers and peace-lovers of Britain to realise that their struggle is identical with the liberation movement of the peoples of India and other colonies.

The Conference demanded removal of disabilities on Indian seamen in Britain who since the Shipping

Subsidy Act of 1935 are refused employment in British ships as also effective measures against the present state of humiliation and distress of Indians abroad. The Conference demanded the abolition of the Education Department of the High Commissioner and the dismissal of advisers to Indian students at British Universities, as they were engaged in anti-Indian activities and espionage on students. The Conference protested against suppression of civil liberties in India. It condemned the Fascist conquest of Abyssinia and Japanese aggression in China and wished the dastardly and infamous betrayal of Abyssinia by the League Powers to be known to the world. The Conference, in welcoming the Foreign Department of the Indian National Congress, stated that the real scope of work lay in the ranks of the discontented elements of the labour and socialist movements in foreign countries.

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Indian Foreign Policy

By

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FOREWORD BY

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FOREWORD

For a subject-country like India foreign affairs and foreign policy are considered by many to be outside the scope of practical politics. They are a game at which only free nations can play. There is some truth in this for a subject-country is controlled and bound down by the dominating power even in regard to its internal policy and much more so regarding its foreign policy. India may be an original member of the League of Nations but all the world knows that this means an additional voice and vote for the British Foreign Office. The people of India have no say in the matter and their so-called representatives are nominated by the British Government. And so, inevitably, the subject-country concentrates on achieving national independence before it can think of playing an effective part in international affairs.

And yet this is a half-truth and we see its limitations even today. In spite of her political subjection to Britain, India is increasingly interesting herself in and to some extent influencing foreign affairs. Even today the voice of India counts for something in international affairs. Why is this so? Because it is recognised that India is on the threshold of freedom and a free India is going to make her weight felt in world affairs. Because also the background of international affairs has changed and is continually changing. Cabinets and governments still play a dominant rôle in shaping foreign policy, but the mass of the people and their wishes count for more and more, and though they may not yet be able to give shape and content to this policy, they influence it and sometimes exercise an effective check over it. That influence of the people will grow till palace politics

and the intrigues of cabinets give place to a real and open collaboration between the peoples of various countries; till a league of governments gives place to a league of peoples.

The people of India will cooperate fully in this task, and it is right therefore that even today they should range themselves with the forces that work to this end. But as a matter of fact it has never been easily possible to separate domestic policy from foreign policy; each acts and reacts on the other. Today that separation is a manifest impossibility. And so the Congress, in spite of its pre-occupation with the internal strength for freedom, has been compelled by force of circumstances to think of outside affairs and express itself in regard to them. As early as 1921, it passed a resolution on the Foreign Policy of India assuring our neighbouring countries of our friendship for them. As the war danger developed, the Congress expressed itself clearly and declared that India would be no party to imperialist war. We were interested in the fate of Ethiopia, we protested against Japanese aggression in China, we sided wholeheartedly with the Spanish Government in its heroic fight against foreign invasion and domestic rebellion.

We took deep interest in all this and more not only because of our sympathy for a people who were fighting for freedom, but because the Indian people were understanding the true significance of events abroad and were developing a definite foreign policy in regard to them. They saw that India's future was to some extent bound up with what was happening in Europe or the Far East. As our vision and understanding have grown, so has our interest in foreign affairs.

The Haripura Congress went a step further in defining our foreign policy but still we are on the threshold of this domain and it is right that Congressmen should give thought to this matter and help in developing a clear-cut and comprehensive policy. Events march rapidly now-a-days and we must not lag behind them or

be caught napping when the time for action comes.

I welcome this essay of my colleague Dr. Rammanohar Lohia as a contribution to the further study of this subject. He does not necessarily commit the Congress to what he says, but his background is that of the Congress and many will agree with him. He has discussed at some length the changing policy of the British Labour Party. This policy has often been in the past hostile to India or at best indifferent. It has been weak and ineffective in the domestic field. It has given passive support sometimes to the reactionary 'National' Government of the day. And yet at their last conference there were gleams of hope and we must welcome them. We welcome them because if that policy is really pursued, it might offer a basis of cooperation. We have stood up against the British Government and resisted it but we want to make it clear that our resistance was to their policy and to their domination over India. We would welcome cooperation with the British people and with other peoples on the basis of Indian independence and world peace. That is the corner-stone of our policy and we cannot give it up.

There is talk of collective and pooled security to ensure peace and freedom, while on the other hand the world rushes headlong to war and catastrophe. Those who talk of collective security will have to be clear in their minds about it. Is it going to be based on pacts of certain western governments and on the continuation of the imperialist system? To imagine so is to ignore realities. There can be no collective security or peace on the basis of imperialism, just as there can be no peace if fascism holds sway. There can be no pooled security unless the problem of India and like problems are solved. India will throw her whole weight in any real scheme of collective security and peace. But if her own freedom is ignored she will consider the scheme a sham and a farce. The

problem of India is thus an essential part of the world problem. Whatever happens, she makes a difference and it is well that this should be realised.

In a world full of war and preparations for war India stands significantly as a country which has deliberately based its policy on peace and non-violence. How far it is possible to apply these methods in the international sphere today it is difficult to say. But it must be remembered that the non-violence of the Indian struggle is not a weak, passive and ineffective pacifism.

It is a dynamic thing with sanctions behind it and if the world is to progress in culture and civilisation, it will have to adopt peaceful methods of solving its problems. That day may yet be distant. But India will cooperate with all her heart to bring it nearer.

Meanwhile it seems clear that collective security must be backed by some kind of effective sanctions against the aggressor. What must these sanctions be? Military sanctions may perhaps be necessary and inevitable on particular occasions but they involve war, and the remedy might be as bad as the disease. Economic sanctions may also involve that risk, but not necessarily so. They are powerful and on the whole peaceful; though their effect might not be immediate, it is far-reaching. It is quite possible to control the aggressor by economic sanctions alone.

To have no sanctions is to allow free play to the aggressor, and ultimately to bow to his will. That cannot be agreed to for that means no collective security. It means the law of the jungle.

ALLAHABAD
May 26, 1938

JAWAHARLAL NEHRU

THE FOREIGN POLICIES OF THE INDIAN NATIONAL CONGRESS AND THE BRITISH LABOUR PARTY

The British Labour Party has issued an immediate programme which is both an election platform and a definite promise to the country that, when the Labour Party comes into power, this programme will be put through by the Government. Under the Section Foreign Policy and Defence this programme states: "A Labour Government will make every endeavour to remove the economic causes of international rivalry and to enable all peaceful nations to share on fair terms in the abundant wealth of the world. It will take the lead in seeking to strengthen and re-invigorate the League of Nations as an instrument of international cooperation and collective security. It will play its full part in every effort to check the present ruinous armament race and to promote disarmament by international agreement, and, in particular, substitute an international air police force for national air forces and to establish an international service of civil aviation. A Labour government will unhesitatingly maintain such armed forces as are necessary to defend our country and to fulfil our obligations as a member of the British Commonwealth and of the League of Nations. A Ministry of Defence will be set up to coordinate the three defence services and to increase their efficiency. Throughout these services promotion to commissioned rank will be open to all and will depend upon merit alone and no longer on wealth or class privilege. Conditions of service will be improved and so far as possible employment on the termination of service will be guaranteed to all. A Bill will be passed enabling the Government to

take over any undertakings manufacturing munitions of war." It is clear that a threefold emphasis is the basis of this immediate programme: (1) strengthening of the League of Nations (2) strengthening of the British armaments (3) closer cooperation among peaceful nations.

The Report on International Policy and Defence, which the last annual Conference of the Labour Party accepted, concludes with the following observations: "This is the conviction of the National Council of Labour that the next war can be prevented and the arms race can be stopped and that the League of Nations can be made strong again provided that a British government soon comes to power which will base its policy on the declarations of the British Labour movement. Such a government must be in a position to make a powerful appeal to the Fascist states to agree to the abandonment of the arms race and the acceptance of a general disarmament treaty. Such a government in the present state of the world must also be strongly equipped to defend this country to play its full part in collective security and to resist any intimidation by the fascist powers designed to frustrate fulfilments of our obligations. Such a government therefore until a change in the international situation caused by its advent had had its effect would never reverse the present programme of re-armament. Such a government however would immediately re-examine the whole provision made for defence in the light of the international situation and the new foreign policy which it would inaugurate. The British Labour movement fully conscious of the dangers which today threaten our civilization refuses to accept the doctrine of the inevitability of war and will continue to exert all its influence to promote a durable peace based on friendship and justice between nations and respect for international law." A most generous interpretation of this policy of the Labour movement containing two mutually contradictory points

of the desire of disarmament in the long run but the practice of re-armament in the short run will be as follows. Britain must rearm so that her armaments can be an effective force to strike fear into and dominate the Fascist powers. If the Fascist powers are not prepared to listen to counsels of peace and conciliation, such an effectively re-armed Britain will be able to defend the world against Fascist aggression. However, it is also likely that the increasing armaments of Great Britain will bring Fascist powers to see reason and the world will then be prepared to negotiate a general disarmament treaty. This appears to be the basic idea underlying the defence and foreign policy of the British Labour Party. Proposing the international policy and defence, J. R. Clynes said "We cannot safely conclude that there is no risk of the Fascist States attacking democratic Britain. We cannot therefore leave every preparation for resistance until attacks actually begin. Those who say they would only offer armed resistance to protect a socialist state should remember that millions of socialists in England will be in need of defence if Britain is attacked. It is untrue to say that this report commits us to a policy of militarism and to a mere defence of the present government. Militarism is the spirit which relies upon armed forces built up without regard to peace efforts and policy and without appeal to the collective endeavour represented by the League of Nations. To that military spirit we are as strongly opposed as any pacifist in this country."

Opposition to this policy of the Labour Party came from two different quarters. One section wished that the Foreign Policy and the Arms policy of the present Tory government of Britain should not be supported and that if the Labour Party condemned its Foreign policy, its arms policy should also be included in such a condemnation. This section was however of the opinion that it is now-a-days both possible and necessary to use arms for peace. But then such use can only be made by an entirely different government. So long as

the present Government lasts, the Labour Party must, therefore, vote against its arms credits. Another section was opposed to this policy on grounds of anti-militarism. Though acknowledging the necessity of maintaining adequate means of national defence against aggressive attacks from without, this section was opposed to the present enormous increases of national expenditure on armaments.

Replying to the debate, Mr. Walker on behalf of the National Executive said: "We are discussing here as a responsible party affiliated to international organisations and let it be remembered as Mr. Earnest Bevin pointed out this morning that the people in the other countries, not the government but the socialist movements in other countries, all feel very much secure with armed Britain not because it has a national government but because Britain the mother of democracy has always stood for democratic liberty (a voice ; India) Yes, India. Shall we leave India for Japan, Germany or Italy to go into ? What would have to be done if we left India ? What would India require to do ? And remember the Congress Party that you are supporting in India is not a Socialist Party. It is a remarkable thing that because a party calls itself democratic or republican outside these shores, it can be as anti-socialist as it likes and all our great revolutionaries in this country immediately support it and ask you to do everything to defend and protect it." Such a speech as this, and somehow it represents the majority opinion of the Labour party, makes it clear that the Labour Party is confused on the question of democracy. Due to Britain's peculiar position, a certain amount of internal democracy prevails. This internal democracy is however more an outer façade, for the democratic movements of Britain have not yet pushed the demands of democracy to a revolutionary point. And yet the British Labour movement seems to think that because there is an amount of internal democracy in Britain, British institutions as such are democratic.

This inevitably leads to a certain amount of confusion. There are both democratic and anti-democratic institutions and movements in Britain and to jumble up the two together is a serious error. Unless this question is made absolutely clear to the British Labour movement, it will not be in a position to understand the democratic upsurge within the British Empire itself. It will not be able to understand the movements in India and in other colonies. In fact, if the British Labour movement were clear on the internal democracy of Britain, it would support any nationalist movement in India and in the colonies that tended to destroy the strength of the anti-democratic forces in its own country. It would not stop to enquire as to the exact nature and character of the various nationalist movements. Its first instinctive reaction would be to condemn British Imperialism and to support the nationalist movements. After having done that, it will certainly try to influence the nationalist movements, on grounds of peace and international fellowship, to acquire progressively a mass basis and a socialist character. Moreover, the Indian National movement is not at all anti-socialist as the Labour Party spokesman imagines it to be. It may not have as its aim the end of the capitalist system, but this is irrelevant. So long as the Indian movement is anti-Imperialist and progressively democratic, which it is, the Labour Party should have no other alternative but to support it. This however can only be done when the Labour Party has rid itself of its spurious notions of democracy and socialism. So long as this is not done, the British Labour movement as a guarantee of world peace will be sadly deficient. Its foreign policy will be lacking a definite shape and point. It will not be able to stand up in reality for an Assembly of Equal Nations, which the League of Nations ought to be. Its foreign policy and wars will therefore not be in consonance with the democratic upsurge in the world and the desire for peace, justice and equality.

There are two basic and irrevocable items in the

programme of the Indian National Congress and these have an intimate bearing on its foreign policy. These two items relate to the internal and external policies of the Congress. Internally, the Congress policy is that of complete independence of British rule. This independence is to find expression in a constitution framed by a Constituent Assembly of the Indian people. Britain has no say in the election of the Constituent Assembly or in the framing of the Indian Constitution. The Indian people are the sole and complete masters in their own land. Externally, the Congress policy is resistance to Britain's wars. Britain's rule over India continuing, the Congress and the entire nationalist movement is committed to non-participation in Britain's wars. The external policy of the Congress, therefore, is to resist by direct action any attempts of Britain to drag India into her wars. It is a clear indication to the world that, for purposes of imperial diplomacy and wars in the wider context of the world, the British Empire does not include India. In like manner, the programme of the Labour Party contains two basic items. Firstly, it is a denunciation of the British National Government. The National Government has encouraged Fascist aggression; it has weakened the League as an instrument of world peace and collective security. Secondly, the Labour Party programme is an outlining of the lines on which the constructive policy of peace might be based. To recapitulate, these lines are mainly (1) strengthening of the League of Nations as an instrument of collective security (2) strengthening of British arms (3) closer cooperation among peaceful nations.

The Indian National Congress is equally emphatic on one item of the Labour Party's programme, that is, the denunciation of the present National Government of Great Britain. Through the support that the Congress has extended to Ethiopia, Spain and China, it has directly and openly condemned the present National Government for its policy of incapacitating the League of

Nations as an instrument of collective peace. The foreign policy declarations of the Indian National Congress, which include (1) complete independence and Constituent Assembly for India (2) India's non-participation in Britain's wars (3) condemnation of the present National Government present a big question mark and a major problem to the British Labour Party. The British Labour Party is called upon to answer two questions; if it accepts India's determination to complete freedom and to non-participation in imperialist wars.

We now take up, item by item, the entire constructive peace policy of the British Labour Party. Strengthening of the League of Nations as an instrument of collective security is one basic item of the Labour Party's programme. The Indian National Congress has not yet had an opportunity to express itself clearly and systematically on this question. There have been stray utterances and piecemeal measures. The Congress party in the Central Assembly has, for example, proposed the withdrawal of India from the League of Nations. It is apparent that such a proposal runs counter to looking upon the League as an effective instrument for peace. At the same time, the Indian National Congress is an associate member of the World Peace Congress. The four-point programme of the World Peace Congress includes the strengthening of the League. It is time now that we should put an end to such piecemeal and sometimes contradictory utterances and measures in regard to the Congress attitude towards the League. Such a task is not at all difficult. In spite of the apparent contradiction, our condemnation and support alike of the League of Nations are inspired by similar motives. The motive behind our traditional condemnation of the League of Nations is that it has been and continues to be a League of the Governments. Being the League of the Governments, it has been dominated by the great powers and has, instead of reforming the world, tried to maintain the status quo. Another objection is that

India has been represented at the League through the British Government and India's membership to the League is not that of the Indian people. The motive behind our support of the World Peace Congress is to utilise the contradiction between the declared ends of the League and the action of the great powers for purposes of building up a non-State democratic bloc of freedom and peace. There is also the aspiration that a reformed League of the Nations might act as an instrument of world peace. It is possible to combine the two motives. We can put on record our support of the League. We can and should make conditions to such a support. The League must be a League of Peoples and, not only should the Indian delegation be representative of the people of India, but that other delegations should also represent their peoples as distinct from their governments. It is also possible that the peoples of the world may be represented at the League both through their governments and their peoples in some such manner as governments, workers and employers are represented at the International Labour Organisation.

Support of the League raises another fundamental question. It raises the question of outlawry of wars, of naming the aggressor, of resorting to sanctions against the aggressor. It also raises the question of the present international treaties. Obviously, questions of naming the aggressor and resorting to sanctions against him have become a matter of daily occurrence in our world today. What should be the policy of the Congress movement until it is not yet in control of the free Indian State? What should be the policy of the free Indian State itself? These are the two questions which the Indian National Congress has to answer. Obviously, both as a movement and as the controlling force behind the future Indian State, the Congress cannot accept the sanctity of present international treaties. It condemns the treaties between China on the one hand and England

and Japan and other imperialist powers on the other as much as it condemns the relationship between India and Great Britain. But, having condemned the present international treaties, the Congress both as a movement and as the free Indian State has to take a definite stand in regard to the application of sanctions against an aggressor. Even while the unequal international treaties continue, aggression is committed and the Congress may not take a negative or neutral attitude regarding such aggression. In fact, during the past three years, it has already taken a positive stand in regard to Italian and Japanese aggression. It has condemned these governments for having violated the freedom of other nations and having invaded their territories. Treaties or no treaties, such aggression can and should be condemned on all moral, legal and political grounds. It is obvious and blatant aggression and no treaties need be recalled to prove it to be so. Even in regard to the Spanish conflict, the Congress has taken up a clear stand.

The Spanish conflict is a case of mixed aggression where both internal fascist forces and foreign fascist forces have unitedly declared war upon democratic forces. The Congress has therefore declared itself against the aggression of fascist forces on democratic forces. All future aggression is likely to fall under either of these two categories. It will either be the aggression of a fascist or imperialist power upon the freedom of another nation or that of fascist forces upon democratic forces. The Congress should therefore have no objection to associate itself with any international measures to name an aggressor and condemn him.

How far should the Congress go in the application of international sanctions against an aggressor? The League sanctions include economic sanctions against the aggressor and, also, military assistance to the aggressed nation. The Congress should have no difficulty in accepting the policy of economic sanctions against the aggressor. In fact, its present resolution to boycott

Japanese goods is an indication that it is prepared to apply economic sanctions against an aggressor nation. It should therefore be able to cooperate wholeheartedly in any world scheme to cut off all economic relations with an aggressor nation. This will include suspension of all trade, particularly, in war materials, and suspension of all capital transactions. It will be remembered that the League has yet never been able to apply economic sanctions in their entirety nor has any one single power done so. The failure of economic sanctions is largely due to this. Economic sanctions can be a very effective measure against any nation, if they are applied in their entirety and on a comparatively world wide scale. The question arises as to whether the Congress will also be ready to be party to any world scheme of military sanctions. Military sanctions stand on a footing somewhat different from that of economic sanctions. Opinion of their usefulness is divided. On the one hand, there is believed to be a certain inevitability about them; it is said that any application of economic sanctions in their entirety is sure to lead to war and, as such, preparedness and willingness for such a war is a necessary part of any scheme of sanctions. If the fight for peace and democracy is to have any meaning, democrats must be willing to use arms against fascists. On the other hand, there is believed to lurk a danger in the application of military sanctions, such as would make the war look futile in retrospect, or, else, the result of the war may not be in consonance with the ends of peace and justice. What is worse, the emphasis on military sanctions is likely to transfer the peace initiative from the peoples to their governments. In fact, such a development has already taken place in part, the socialist and democratic forces of the world have, through the successive fascist invasions of Spain, China and Austria, contented themselves with condemning the League governments for their refusal to act. They have refused to take the initiative themselves and, wherever fascist cargo has been boycotted, it

was the result of a purely local and spontaneous action. In such a situation, the Indian National Congress will be perfectly justified in restricting its action against the aggressor to the application of economic measures. While such a course of action will be in line with the Congress ethics of non-violence, it may also prove to be a more effective safeguarding of peace.

As the British, French, Dutch and other Empires are sated empires and as aggression is likely to come from the shortrun enemies of these empires, will the Congress and Free India be justified in resorting to any radical measures against such aggression? In this delicately adjusted world, will not the weakness of Japan or Italy or Germany contribute to the strength of Great Britain or France? If this is so, the Congress condemnation of fascist powers is likely to contribute to the strength of satiated imperialism. This is specious reasoning. It fails to make the necessary distinction between the existing reach of imperialism and efforts to extend it. While both should be condemned and fought against, efforts to imperialist expansion and extension ought to be condemned still more severely. Moreover, the defeat of imperialist efforts towards expansion is never likely to lead to the growth or strength of any imperialist power. It will most surely lead to the strengthening of such nations in the world as are aspiring for national freedom and democracy. In any calculation of respective consequences to, say, two such imperialist powers as Great Britain and Japan, it must not be forgotten that a third force, the nationalist, socialist, and democratic force, is also strengthened. Secondly, the policy of sanctions is not the policy of any imperialist power. If we look around, we will find that the warmest supporters of a policy of sanctions are to be found amongst the world's democratic, nationalist and socialist forces. The policy of sanctions is most likely to dissipate the energies of imperialism and, consequently, to strengthen the forces of peace and freedom.

We may now take up the question of closer cooperation among peaceful nations. It has already been made clear that the various clauses of international treaties need not be invoked in order to show from where aggression has come. In like manner, it should not be difficult to find out all such forces as are working for peace and are determined to resist aggression. Broadly, we may say that the Indian National Congress desires closer cooperation among all such national and democratic forces as are prepared to resist aggression either in the form of extension of imperialism or in that of attack on democratic principles. Among the States of the world, we should have no hesitation in generally supporting Soviet Russia because she has definitely discarded imperialism as the basis of her State policy. In like manner, we should warmly support all such national Governments, for instance, the Chinese Government, which are either through wars or through diplomacy resisting imperialist aggression. A difficulty arises when we are called upon to subscribe to the mis-conception that prevails in many European countries and in America that there are two blocks of nations in the world, the democratic block and the fascist block. We cannot accept that Britain or France or the United States as a whole is a democracy. We have been maintaining and will continue to maintain a distinction between the democratic forces and the anti-democratic forces in these various countries. Our support of world democracy should not therefore be understood to imply support of the so-called democratic governments of the world. It may indeed happen that for temporary reasons any one of our policies of mutual defence or international sanctions coincides with that of one or the other government in the world. But our emphasis will continue to rest on the non-State peace, democratic and socialist forces in the world.

We may now take up the question of the strengthening of British arms which is also a constructive

item in the peace policy of the British Labour Party. A general question of principle is here involved and the Indian National Congress by virtue of its superior ethics in world affairs will always do well to reiterate it. The general increase in world armaments is the direct result of imperialism being the guiding policy in world affairs. Disarmament can only come when the world is in reality an association of free and equal nations. Increase in armaments is symptomatic of the diseased state in which we live and of the acute imperialist rivalries which are daily increasing. We cannot but generally condemn all armaments. After having stated this general principle, we may draw a distinction between armaments which are used for aggression and those which are used for defending freedom and peace. Actually, British arms are not being used either for peace or for freedom in the world today. This takes us directly to the question of our own arms policy. The Indian National Congress has traditionally condemned the Indian Government for its enormous military expenditure. It has done so on various grounds. (1) The Indian army is an army of foreign occupation to whose strengthening and expenditure the Congress cannot be a party. The Congress must resist all such strengthening and expenditure. (2) The enormous expenditure on the army leaves little for expenditure on the nation building departments such as education or public health. (3) With the expenditure that the Indian Government is today incurring on the army, the defence of the country could be made far more adequate. The Government today spends an inordinately large sum on the British section of the Indian army. This sum could be easily diverted to build up and raise a much larger and well-equipped army manned and officered by Indians. (4) The Congress has stood for the universal right to bear arms and to adult military training. This would indicate the desire of the Congress to have a national citizens' militia.

According to this general position of the Congress our arms policy cannot even give a tacit support to the strengthening of the Indian army. Of late however there has been some little misconception which may easily result in a radical departure from our traditional policy. A recent move of the Congress Party in the Central Assembly shows that it suffers from such a misconception. On the question of the mechanisation of the Indian army, the Congress Party in the Central Assembly appears to have taken up the stand that it would be satisfied if the Indian section of the Army would be mechanised. On the ground that the menace of foreign aggression has lately become acute, it is thought that India's defences ought to be strengthened. The stand, therefore, of the Congress Party was that the Government should be condemned not because it is trying to mechanise the army as such but because it is mechanising only the British section of the Army. This obviously cannot be and is not the Congress attitude. So long as British Imperialism continues to dominate the country and our army is not a citizens' militia but an army of foreign occupation, the Indian National Congress can have but one stand which is clear and unequivocal. It cannot support any expenditure on the Army whether it be for the British section or the Indian section. It condemns all attempts to increase the efficiency of this army, whether it be that of the Indian section or the British section. In so far as the aggression of imperialist powers other than Britain is concerned, the arms policy of the Indian National Congress is easily evidenced, if we bear in mind our traditional aims. These are the universal right to bear arms and the imparting of adult military training. Whenever, therefore, a question of defending Indian frontiers against foreign aggression arises, the Congress can have, apart from economic retaliation, but two remedies for it, namely, arms for the people and adult military training. Such an arms policy is desirable

not only from the agitational viewpoint but also that of effectiveness. It should be clearly understood that no amount of mechanisation under British control can ever adequately defend India's frontiers against Imperialist attack, but the trained army of the people can.

The broad points of the Congress foreign and defence policy are : (1) India is determined to participate in world affairs as a free and sovereign nation. The Congress creed of complete independence and the resolve to frame India's constitution through a Constituent Assembly are evidence of this. (2) So long as British Imperialism lasts in this country, India is determined to resist by countrywide direct action any attempt to force her into Britain's wars. It must therefore be clearly understood by the whole world that, for purposes of international diplomacy and war, India does not form part of the British Empire. (3) India desires the transformation of the League of Nations into a League of Peoples and supports it. (4) India does not recognise the sanctity of international treaties but declares that aggression can be easily named. (5) India offers her support to all the national, democratic and socialist forces in the world that are working for peace, freedom and democracy and puts on record her readiness to associate whole-heartedly in any scheme of international economic sanctions against an aggressor. (6) India regards the present Indian army as an army of foreign occupation and cannot in any way support its maintenance or strengthening. The Congress declares that the only way to meet imperialist attacks from without is arms to the people and adult military training.

It is an interesting speculation to trace the differences in the foreign policy of the Indian National Congress and the British Labour Party to their origins. It is far more interesting and useful to combine and unite the world forces of democracy, peace and freedom.

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